

FOREST PARK SCHOOL DISTRICT

**Financial Report
with Supplemental Information
Prepared in Accordance with GASB 34**

June 30, 2007

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INDEPENDENT AUDITOR'S REPORT

DS Rostagno, CPA, P.C.

***101 West Maple Street, Iron River, MI 49935
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Board of Education
Forest Park School District
801 Forest Parkway
Crystal Falls, Michigan 49920

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Forest Park School District**, Crystal Falls, Michigan, as of and for the year ended June 30, 2007, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the **Forest Park School District**, Crystal Falls, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

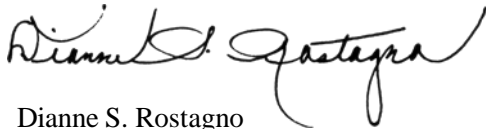
We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Board of Education, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the **Forest Park School District**, Crystal Falls, Michigan, as of June 30, 2007, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2007, on our consideration of the **Forest Park School District**, Crystal Falls, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 8 through 20, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **Forest Park School District**, Crystal Falls, Michigan's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Dianne S. Rostagno". The signature is fluid and cursive, with a large, stylized initial "D".

Dianne S. Rostagno
DS ROSTAGNO, CPA, P.C.

September 24, 2007

ADMINISTRATION'S DISCUSSION AND ANALYSIS

Forest Park School District

801 Forest Parkway . Crystal Falls, Michigan 49920-11999

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Administration's Discussion and Analysis For the Fiscal Year Ended June 30, 2007

The **Forest Park School District** is a K-12 school district located in Iron County, Michigan. The Administration's Discussion and Analysis, a requirement of GASB 34, is intended to be the **Forest Park School District's** discussion and analysis of the financial results for the fiscal year ended June 30, 2007.

Generally accepted accounting principles (GAAP), according to GASB 34, requires the reporting of two types of financial statements: District Wide Financial Statements and Fund Financial Statements.

Fund Financial Statements

The fund level financial statements are reported on a modified accrual basis. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual". In the State of Michigan, the District's major instructional and non- instructional support activities are reported in the General Fund. Additional activities are reported in the relevant funds, including Debt Service, Capital Projects, and the School Service Funds, which are comprised of Food Service and Athletics.

In the fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term debt obligations are recorded as expenditures. Future years' debt obligations are not recorded.

District-wide Financial Statements

The *District-wide Financial Statements* are full accrual basis statements. They report all of the District's assets and liabilities, both short and long-term, regardless if they are "currently available" or not. For example, assets that are restricted for use in the Debt Service Fund solely for the payment of long-term principal or interest are grouped with unrestricted assets of the General Fund. Capital assets and long-term obligations of the District are reported in the Statement of Net Assets on the *District-wide Financial Statements*.

The School District as Trustee - Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for its student activity and private purpose trust funds. All of the School District's fiduciary activities are reported in separate statements of fiduciary net assets. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Forest Park School District

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Administration's Discussion and Analysis For the Fiscal Year Ended June 30, 2007

Summary of Net Assets:

The following summarizes the net assets at fiscal years ended June 30, 2007 and June 30, 2006:

<u>NET ASSETS SUMMARY</u>	<u>June 30, 2007</u>
Assets	
Current Assets	\$ 876190
Capital Assets	13524188
Less: Accumulated Depreciation	<u>(4365886)</u>
Capital assets, net book value	9158302
Total Assets	\$ <u>10034492</u>
Liabilities	
Current Liabilities	862230
Long-term Liabilities	<u>4509775</u>
Total Liabilities	5372005
Net Assets	
Investment in capital assets, net of related debt	4522981
Reserved for Food Service	31005
Reserved for Athletics	5683
Reserved for Debt Service	219603
Reserved for Capital Projects	1607
Designated for Future Operations (GF)	279813
Unreserved and Undesignated	<u>(398205)</u>
Total Net Assets	4662487
Total Liabilities and Net Assets	\$ <u>10034492</u>

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Administration's Discussion and Analysis For the Fiscal Year Ended June 30, 2007

Summary of Net Assets: (Continued)

	<u>June 30, 2006</u>
<u>NET ASSETS SUMMARY</u>	
Assets	
Current Assets	\$ 937879
Capital Assets	13498355
Less: Accumulated Depreciation	<u>(4021510)</u>
Capital assets, net book value	9476845
Total Assets	\$ 10414724
Liabilities	
Current Liabilities	907927
Long-term Liabilities	<u>4991037</u>
Total Liabilities	5898964
Net Assets	
Investment in capital assets, net of related debt	4402289
Reserved for Food Service	22078
Reserved for Athletics	0
Reserved for Debt Service	180518
Reserved for Capital Projects	8538
Reserved for Textbooks	0
Reserved for Future Operations	275822
Designated for Capital Outlay	73013
Unreserved and Undesignated	<u>(446498)</u>
Total Net Assets	4515760
Total Liabilities and Net Assets	\$ <u>10414724</u>

Analysis of Financial Position

During fiscal year ended June 30, 2007, the District's net assets increased by \$ 146,727.

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Administration's Discussion and Analysis For the Fiscal Year Ended June 30, 2007

Analysis of Financial Position (Continued)

B. Debt, Principal Payments

The District made principal payments on bonded and other long-term debt obligations that reduced the amount of the District's long-term liabilities as follows:

	Principal Balance <u>6/30/06</u>	<u>Additions</u>	Principal Payments <u>6/30/07</u>	Principal Balance <u>6/30/07</u>
2005 Refunding Bonds	\$ 4795000	\$ -0-	\$ 380000	\$ 4415000
Bus Garage Loan	129564	-0-	35393	94171
M-TEC Loan	30541	-0-	9407	21134
Durant Resolution Bonds	30757	-0-	-0-	30757
Bus Loan	88694	-0-	14435	74259
Long-term Employee Benefits	283136	12013	-0-	295149
Retirement Incentive	<u>163362</u>	<u>35000</u>	<u>76681</u>	<u>121681</u>
Totals	\$ 5521054	\$ 47013	\$ 515916	\$ 5052151

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Administration's Discussion and Analysis For the Fiscal Year Ended June 30, 2007

Analysis of Financial Position (Continued)

C. Net Investment in Capital Assets

The District's net investment in capital assets is as follows:

	Balance 6/30/06	Additions	Deletions	Balance 6/30/07
Capital Assets	\$ 13498355	\$ 25833	\$ 0	\$ 13524188
Less: Accumulated Depreciation	<u>(4021510)</u>	<u>(344376)</u>	<u>0</u>	<u>(4365886)</u>
Net Investment in Capital Assets	\$ 9476845	\$ (318543)	\$ 0	\$ 9158302

Results of Operations:

For the fiscal years ended June 30, 2007 and 2006, the comparative District-wide results of operations were as follows:

	<u>June 30, 2007</u>
Revenues	
General Revenues	
Property taxes, levied for general operations	\$ 2091398
Property taxes, levied for debt service	603265
Other taxes	12168
State Aid, Unrestricted	2197931
Interest and Investment Earnings	13362
Other general revenues	<u>73300</u>
Total General Revenues	\$ 4991424

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Administration's Discussion and Analysis For the Fiscal Year Ended June 30, 2007

Results of Operations: (Continued)

	<u>June 30, 2007</u>
<i>Operating Grants</i>	
Federal	\$ 307846
State of Michigan	288566
Other operating grants	<u>6400</u>
<i>Total Operating Grants</i>	602812
<i>Charges for Services</i>	
Tuition	11470
Food Service	102023
Athletics	44071
Day Care Program	43753
Other Charges for Services	<u>5532</u>
<i>Total Charges for Services</i>	206849
Total Revenues	\$ 5801085
<i>Expenses</i>	
Instruction	\$ 3294529
Support Services	1405809
Community Services	12217
Food Services	245328
Athletics	138117
Interest on long-term debt	213982
Other Costs	0
Depreciation (Unallocated)	344376
Intergovernmental payments	<u>0</u>
Total Expenses	\$ 5654358
Non-Operating Income (Expense)	0
INCREASE IN NET ASSETS	146727
NET ASSETS – BEGINNING OF YEAR	<u>4515760</u>
NET ASSETS – END OF YEAR	\$ <u><u>4662487</u></u>

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Administration's Discussion and Analysis For the Fiscal Year Ended June 30, 2007

Results of Operations: (Continued)

	<u>June 30, 2006</u>
Revenues	
<i>General Revenues</i>	
Property taxes, levied for general operations	\$ 2016022
Property taxes, levied for debt service	622803
Other taxes	27591
State Aid, Unrestricted	2069821
Interest and Investment Earnings	9810
Other general revenues	<u>328780</u>
<i>Total General Revenues</i>	\$ 5074827
 <i>Operating Grants</i>	
Federal	\$ 298645
State of Michigan	255939
Other operating grants	<u>8253</u>
<i>Total Operating Grants</i>	562837
 <i>Charges for Services</i>	
Tuition	34554
Food Service	93943
Athletics	59081
Day Care Program	41456
Other Charges for Services	<u>5474</u>
<i>Total Charges for Services</i>	234508
 Total Revenues	 \$ 5872172

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Administration's Discussion and Analysis For the Fiscal Year Ended June 30, 2007

Results of Operations: (Continued)

	<u>June 30, 2006</u>
Expenses	
Instruction	\$ 3445505
Support Services	1430991
Community Services	15607
Food Services	231356
Athletics	150796
Interest on long-term debt	261288
Other Costs	0
Depreciation (Unallocated)	337812
Intergovernmental payments	<u>0</u>
Total Expenses	\$ 5873355
Non-Operating Income (Expense)	0
DECREASE IN NET ASSETS	(1183)
NET ASSETS – BEGINNING OF YEAR	<u>4611437</u>
Adjustment to account for defeasance of debt-prior year refunding bonds	(94494)
NET ASSETS – END OF YEAR	\$ 4515760

1. State of Michigan Unrestricted Aid (Net State Foundation Grant)

The State of Michigan aid, unrestricted, is determined with the following variables:

- a. State of Michigan State Aid Act per student foundation allowance.
- b. Student Enrollment - Blended at 80 percent of current year's fall count and 20 percent of prior year's winter count.
- c. The District's non-homestead levy.

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Administration's Discussion and Analysis For the Fiscal Year Ended June 30, 2007

Per Student, Foundation Allowance

Annually, the State of Michigan establishes the per student foundation allowance. The **Forest Park School District's** foundation allowance was \$ 7,085 per student for the 2006-2007 school year.

Student Enrollment

The District's enrollment for state aid membership purposes for 2006-2007 was 623.04 students. The District's enrollment increased slightly from the prior year's student count. The following summarizes fall student enrollments for the past five years:

	Student FTE
2006-2007	623
2005-2006	617
2004-2005	597
2003-2004	619
2002-2003	660
2001-2002	648

2. Property Taxes Levied for General Operations (General Fund Non-Homestead)

The District levies 17.6457 mills of property taxes for operations (General Fund) on non-homestead properties. Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase, or five percent, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of the market value.

The District's non-homestead property tax revenue for the 2006-2007 fiscal year was \$ 2,091,398. The non-homestead property tax levy increased by approximately 3.74 percent over the prior year.

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Administration's Discussion and Analysis For the Fiscal Year Ended June 30, 2007

Property Taxes Levied for General Operations (General Fund Non-Homestead) (Continued)

The following summarizes the District's non-homestead property tax levy for the past five years:

	Non-Homestead Tax Levy	Percent Increase From Prior Year
2006-2007	2091398	3.7400
2005-2006	2016022	4.5800
2004-2005	1927581	7.0900
2003-2004	1799935	4.7518
2002-2003	1718286	3.7389

Average increase last five years: 4.7802 %.

3. Debt Service Fund Levy

The District's debt service fund levy, which is used to pay the principal and interest on bond obligations, is based on the taxable valuation of all properties - both homestead and non-homestead. For the fiscal year ended June 30, 2007, the District's debt millage levy was 3.3000 mills, which generated revenue of \$603,265.

4. Food Sales to Students and Adults (School Lunch Program)

The District's food sales to students increased by \$7,387 from the prior school year, while adult lunches decreased by \$194.

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Administration's Discussion and Analysis For the Fiscal Year Ended June 30, 2007

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in Required Supplemental Information of these financial statements. Changes to the General Fund original budget were as follows:

Budgeted revenues were increased by \$120,177, which is approximately a 2% increase from the original budget. Actual revenues came in at \$ 4,877,342, which is higher than both the original and the final amended budgets.

Budgeted expenditures were increased by \$100,099 from the original budgeted amounts, representing an approximate 2 % decrease.

Revenues – Budget vs Actual for Fiscal Year Ended June 30, 2007

	Revenues Original Budget	Revenues Final Budget	Revenues Final Actual	Revenues Variance Actual vs Original Budget	Revenues Variance Actual vs Final Budget
General Fund	\$ 4757161	\$ 4877338	\$ 4877342	\$ 120181	\$ 4

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Administration's Discussion and Analysis For the Fiscal Year Ended June 30, 2007

General Fund Budgetary Highlights (Continued)

Expenditures – Budget vs Actual for Fiscal Year Ended June 30, 2007

	Expenditures Original <u>Budget</u>	Expenditures Final <u>Budget</u>	Expenditures Final <u>Actual</u>	Expenditures Variance Actual vs Original <u>Budget</u>	Expenditures Variance Actual vs Final <u>Budget</u>
General Fund	\$ 4729987	\$ 4830086	\$ 4758725	\$ (28738)	\$ 71361

Major Capital Events and Significant Accomplishments

During the 2006-2007 school year, the District's accomplishments included:

Maintained a 6% fund equity

Receiving an "A" on the state report card

Completion of many capital project tasks.

Renewed an 18 mill non-homestead millage for the next 10 years.

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Administration's Discussion and Analysis For the Fiscal Year Ended June 30, 2007

Goals and Priorities for 2007-2008

Some of the major priorities and goals for the 2007-2008 school year include:

Maintaining a sound fund balance so we would not see the need to borrow money,

Increase our student enrollment,

Maintaining enough money to meet the projected high energy costs,

Maintaining fund balances in all areas that will enable us to keep the same quality of education we currently provide,

Replenishing our curriculum and building and grounds areas with new classroom and building supplies respectively,

Continue to move forward in a positive manner in all areas of the district,

Pass a sinking fund millage to help fund and renovate our aging building and outside athletic facilities.

Contacting the School District's Financial Management

This financial report is designed to provide the School District's citizens, taxpayers, customers, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact:

Forest Park School District
School Business Office
801 Forest Parkway
Crystal Falls, Michigan 49920

BASIC FINANCIAL STATEMENTS

FOREST PARK SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2007

Governmental Activities

ASSETS

Current Assets

Cash and Cash Equivalents (Note 3)	\$ 310,407
Receivables	
Taxes	139,279
Accounts Receivable	4,232
Due from Other Governmental Units	397,040
Inventories	25,205
Prepaid Expense	27
	<hr/>

Total Current Assets	876,190
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Noncurrent Assets

Capital Assets (Note 5)	13,524,188
Less: Accumulated Depreciation (Note 5)	<u>(4,365,886)</u>

Total Noncurrent Assets	<u>9,158,302</u>
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TOTAL ASSETS	\$ 10,034,492
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LIABILITIES

Current Liabilities

Accrued Salaries and Benefits	319,854
Retirement Incentive Payable	81,681
Bonds Payable, Due within one year (Note 8)	390,000
Loans Payable, Due within one year (Note 8)	<u>70,695</u>

Total Current Liabilities	862,230
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Noncurrent Liabilities

Bonds Payable (Note 8)	4,055,757
Compensated Absences Payable	295,149
Retirement Incentive Payable	40,000
Loans Payable, long-term (Note 8)	<u>118,869</u>

Total Noncurrent Liabilities	4,509,775
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TOTAL LIABILITIES	\$ 5,372,005
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NET ASSETS

Invested in Capital Assets, Net of Related Debt	\$ 4,522,981
Reserved for Food Service	31,005
Reserved for Athletics	5,683
Reserved for Debt Services	219,603
Reserved for Capital Projects	1,607
Designated for Future Operations (GF)	279,813
Unreserved and Undesignated	<u>(398,205)</u>

TOTAL NET ASSETS	\$ 4,662,487
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The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2007

<u>Functions/Programs</u> <u>Primary Government -</u>	Program Revenues			Governmental Activities
	Expenses	Charges for Services	Operating Grants	Net(Expense) Revenue and Changes in Net Assets
Government Activities:				
Instruction	\$ 3,294,529	\$ 11,470	\$ 393,070	\$ (2,889,989)
Support Services	1,405,809		56,694	(1,349,115)
Food Services	245,328	102,023	152,091	8,786
Athletics	138,117	44,071	957	(93,089)
Community Services	12,217	49,285	-	37,068
Interest on Long-Term Debt	213,982		-	(213,982)
Other Costs	-	-	-	-
Depreciation (Unallocated)	344,376			(344,376)
Total Governmental Activities	\$ 5,654,358	\$ 206,849	\$ 602,812	\$ (4,844,697)
General Revenues:				
Taxes:				
Property taxes levied for general operations				2,091,398
Property taxes levied for debt service				603,265
Other Taxes				12,168
State Aid, Unrestricted				2,197,931
Interest and Investment Earnings				13,362
Other				73,300
Total General Revenues				4,991,424
Change in Net Assets				146,727
Net Assets - Beginning of year				4,515,760
Net Assets - End of year				\$ 4,662,487

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2007

	General Operating Funds	Debt Service Fund
	<hr/>	<hr/>
<u>ASSETS</u>		
Cash and Investments (Note 3)	\$ 97,856	\$ 181,550
Receivables:		
Taxes	101,299	37,980
Accounts Receivable	2,530	-
Due from Other Funds	11,520	73
Due from Other Governmental Units	395,572	-
Inventories	21,081	-
Prepaid Expense	27	-
	<hr/>	<hr/>
TOTAL ASSETS	<u><u>\$ 629,885</u></u>	<u><u>\$ 219,603</u></u>
<u>LIABILITIES AND FUND BALANCES</u>		
<u>LIABILITIES</u>		
Accounts Payable	-	-
Accrued Salaries and Benefits	319,854	-
Deferred Revenue	-	-
Due to Other Funds	11,593	-
	<hr/>	<hr/>
TOTAL LIABILITIES	331,447	-
<u>FUND BALANCES</u>		
Reserved for Debt Service	-	219,603
Reserved for Food Service	-	-
Reserved for Athletics	-	-
Reserved for Capital Projects	-	-
Designated for Future Operations	279,813	-
Unreserved and Undesignated	18,625	-
	<hr/>	<hr/>
TOTAL FUND BALANCES	298,438	219,603
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 629,885</u></u>	<u><u>\$ 219,603</u></u>

FOREST PARK SCHOOL DISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2007

Non-major Governmental Funds	Total Governmental Funds
\$ 31,001	\$ 310,407
-	139,279
1,702	4,232
-	11,593
1,468	397,040
4,124	25,205
-	27
<u>\$ 38,295</u>	<u>\$ 887,783</u>
-	-
-	319,854
-	-
-	11,593
-	331,447
-	219,603
31,005	31,005
5,683	-
1,607	1,607
-	279,813
-	18,625
38,295	556,336
<u>\$ 38,295</u>	<u>\$ 887,783</u>

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

GOVERNMENTAL FUNDS

**RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO STATEMENT OF
NET ASSETS**

June 30, 2007

Total Fund Balances - Governmental Funds	\$ 556,336
---	-------------------

Amounts reported for governmental activities in the statement
of net assets are different because:

Capital assets used in governmental activities
are not financial resources and are not
reported in the funds.

The cost of capital assets is:	13,524,188
Accumulated depreciation is:	(4,365,886)

Long term liabilities are not due and payable
in the current period and are not reported
in the funds:

Bonds/Loans Payable	(4,635,321)
Compensated Absences/Other Benefits	(295,149)
Retirement Incentives Payable	(121,681)

Other long term assets not available to pay
current period expenditures therefore
deferred in the funds

-

Accrued interest is not included as a liability
in governmental funds

-

Amounts due from other non-governmental funds

-

Amounts due to other non-governmental funds

-

Total Net Assets - Governmental Activities	<u>\$ 4,662,487</u>
---	----------------------------

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

GOVERNMENTAL FUNDS - STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended June 30, 2007

	General Operating Funds	Debt Service
<u>REVENUE</u>		
Local Revenue	\$ 2,229,647	\$ 621,987
State Revenue	2,462,405	-
Federal Revenue	146,470	-
Interdistrict and Other Revenue	38,820	-
TOTAL REVENUE	\$ 4,877,342	\$ 621,987
<u>EXPENDITURES</u>		
Current:		
Instruction	3,340,652	-
Support Services	1,405,856	-
Community Services	12,217	-
Food Services	-	-
Athletics	-	-
Debt Service	-	-
Principal	-	439,235
Interest and Fees	-	213,981
Other costs	-	-
Capital Outlay	-	-
Intergovernmental Payments	-	-
TOTAL EXPENDITURES	\$ 4,758,725	\$ 653,216
Excess (Deficiency) of Revenues Over Expenditures	118,617	(31,229)
<u>Other Financing Sources (Uses)</u>		
Operating transfers in	7,840	70,314
Operating transfers out	(176,854)	-
Bond and loan proceeds	-	-
Bond premium	-	-
Cost of bond issuance	-	-
Gain on investments	-	-
Total Other Financing Sources (Uses)	(169,014)	70,314
Net Change in Fund Balances	(50,397)	39,085
FUND BALANCE - BEGINNING OF YEAR	348,835	180,518
FUND BALANCE - END OF YEAR	\$ 298,438	\$ 219,603

FOREST PARK SCHOOL DISTRICT

**GOVERNMENTAL FUNDS - STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCES**

Year Ended June 30, 2007

Non-major Governmental Funds	Total Governmental Funds
\$ 149,665	\$ 3,001,299
7,519	2,469,924
144,572	291,042
-	38,820
\$ 301,756	\$ 5,801,085
-	3,340,652
-	1,405,856
-	12,217
245,328	245,328
138,117	138,117
-	-
-	439,235
-	213,981
-	-
9,332	9,332
-	-
\$ 392,777	\$ 5,804,718
(91,021)	(3,633)
98,700	176,854
-	(176,854)
-	-
-	-
-	-
98,700	-
7,679	(3,633)
30,616	559,969
\$ 38,295	\$ 556,336

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

**GOVERNMENTAL FUNDS - RECONCILIATION OF THE STATEMENT OF REVENUE,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**

Year Ended June 30, 2007

Net Change in Fund Balances - Total Governmental Funds	\$ (3,633)
---	-------------------

Amounts reported for governmental activities in the statement
of activities are different because:

Governmental funds report capital outlays as expenditures; in
the statement of activities, these costs are allocated over their
estimated useful lives as depreciation.

Depreciation Expense	(344,376)
Capital Outlay	25,833

Revenue reported in the statement of activities that does not provide current financial resources and are not reported as revenue in the governmental funds	-
---	---

Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid	-
---	---

Repayment of bond/loan principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long term debt)	439,234
--	---------

Proceeds from loans and the issuance of bonds are considered to be other financing sources in the fund statements, but are not reported in the statement of activities	-
--	---

Adjustment to account for increase in long-term employee benefits, which is not reflected in the fund statements	(12,012)
---	----------

Recognize liability for long-term retirement incentive payable, which is not reflected in the fund statements	41,681
--	--------

Change in Net Assets of Governmental Activities	<u>\$ 146,727</u>
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The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

FIDUCIARY FUND**STATEMENT OF FIDUCIARY NET ASSETS***JUNE 30, 2007***ASSETS**

Cash, Deposits, and Investments	\$ 113,273
Due From Other Funds	<u>1,353</u>

TOTAL ASSETS	\$ 114,626
---------------------	-------------------

LIABILITIES

Due to Student Groups	33,788
Due to Other Funds	<u>1,353</u>

TOTAL LIABILITIES	\$ 35,141
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NET ASSETS

Reserved for Scholarships	28,975
Reserved for Revolving Fund Expenses	46,233
Reserved for Elementary or High School Science	<u>4,277</u>

TOTAL NET ASSETS	\$ 79,485
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The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

Year Ended June 30, 2007

	<u>Private Purpose Trust Funds</u>			
	<u>Scholarship Fund</u>	<u>Revolving Fund</u>	<u>Sedberry Trust Fund</u>	<u>Totals</u>
<u>ADDITIONS</u>				
Gifts and Contributions	\$ 21,998	\$ 100,089	\$ -	\$ 122,087
Investment Earnings	1,562	331	25	1,918
TOTAL ADDITIONS	\$ 23,560	\$ 100,420	\$ 25	\$ 124,005
<u>DEDUCTIONS</u>				
Scholarships Awarded	2,850	-	-	2,850
Elementary and High School Science Expenses			1,485	1,485
Other	-	88,478	-	88,478
TOTAL DEDUCTIONS	\$ 2,850	\$ 88,478	\$ 1,485	\$ 92,813
 Transfer In (Out)	 \$ -	 \$ -	 \$ -	 \$ -
Change in Net Assets	20,710	11,942	(1,460)	31,192
Net Assets - Beginning of year	<u>25,523</u>	<u>17,033</u>	<u>5,737</u>	<u>48,293</u>
Net Assets - End of year	<u>\$ 46,233</u>	<u>\$ 28,975</u>	<u>\$ 4,277</u>	<u>\$ 79,485</u>

The notes to the financial statements are an integral part of this report.

NOTES TO THE FINANCIAL STATEMENTS

FOREST PARK SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the **Forest Park School District** conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies of the School District:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate, component units of the School District. Based on the application of the criteria, the District does not contain any component units.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

District-wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the District's district-wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**District-wide and Fund Financial Statements
(Continued)**

Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The criteria applied for designation as a major fund as follows:

1. Total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for a fund type.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting and Financial
Statement Presentation**

**District-wide and Fund Financial Statements
(Continued)**

2. Total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and enterprise funds combined.

Assets, or other element taken one at a time would have to pass both the 10% test and the 5% test for the fund to be required to be reported as a major fund.

District-wide and Statements

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of inter-fund activity has been eliminated from the district-wide financial statements.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting and Financial
Statement Presentation (Continued)**

Fund-based Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is measurable and available. Revenue is considered to be available if it is collected within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and severance pay, are recorded only when payment is due.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting and Financial
Statement Presentation (Continued)**

Fund-based Statements (Continued)

Property taxes, unrestricted State aid, intergovernmental grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

The fiduciary fund statement is also reported using the economic resources measurement focus and the accrual basis of accounting.

The School District reports the following governmental funds:

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting and Financial
Statement Presentation (Continued)**

Fund-based Statements (Continued)

General Fund

The General Fund is the School District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

Forest Park Community School Fund

This fund is used to account for all financial resources collected for the Community School program.

For reporting purposes, the General Fund and the Community School Fund are combined to form the School District's General Operating Fund. This is reported as a major fund.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting and Financial
Statement Presentation (Continued)**

Fund-based Statements (Continued)

Capital Project Funds

These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or other capital assets, including equipment.

The capital project fund is considered to be a non-major fund for district-wide reporting.

Debt Retirement Fund

These funds are used to account for the accumulated resources for, and the payment of, general long-term principal, interest, and related cost.

The Debt Retirement Fund is a major fund.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting and Financial
Statement Presentation (Continued)**

Fund-based Statements (Continued)

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

The School Service Funds are Special Revenue Funds that segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. The School District maintains full control of these funds. The School Service Funds maintained by the School District are the Food Services Fund and Athletic Activity Fund, both of which are considered to be non-major funds.

Fiduciary Funds

These funds are used to account for assets held by the School District in a trustee capacity or as an agent.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting and Financial
Statement Presentation (Continued)**

Fund-based Statements (Continued)

Fiduciary Funds

Fiduciary Fund net assets and results of operations are not included in the district-wide statements. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District presently maintains a Student Activities Fund, a Scholarship Fund, Revolving Fund, and the Sedberry Trust Fund. The Student Activity Fund is an Agency Fund; the Scholarship Fund, the Revolving Fund and the Sedberry Trust Fund are all private-purpose trust funds.

Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Payables

In general, outstanding balances between funds are reported as "due to/from other funds". Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds".

Property Taxes

Property taxes are levied on July 01 and payable by September 15 each year. They are considered delinquent if unpaid as of March 01 of the following year. Property taxes are recognized when they become available. The County of Iron purchases all delinquent real property taxes during the second quarter of each year, resulting in total collection of real property taxes each year.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes (Continued)

Delinquent personal property taxes are recorded as receivable if considered to be collectible within 60 days after year-end. For the year ended June 30, the School District had a taxable value of \$ 182,146,349, on which was levied 17.6457 operating mills (non-homestead only), and 3.30 mills for debt retirement.

State Revenue

The State of Michigan uses a foundation grant approach which provides for a specific annual amount of revenue per student based on a state-wide formula.

The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

State Revenue (Continued)

The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts.

The State portion of the foundation grant is provided primarily by a State education property tax millage of 6.00 mills (on both homestead and non-homestead property) and an allocated portion of the State sales and other taxes.

The local portion of the foundation grant is funded primarily by non-homestead property taxes levied at a rate of up to 18 mills.

The State revenue is recognized during the foundation period (currently the fiscal year) and is funded through payments from October 2006 through August 2007.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

State Revenue (Continued)

The School District also receives revenue from the State to administer certain categorical education programs.

State rules require that revenue earmarked for these programs be expended for its specific purpose. Categorical funds received which are not expended by the close of the fiscal year are recorded as deferred revenue.

State, general, and categorical aids are recognized as revenue in the entitlement year. Federal aids for reimbursement programs are recognized as revenues in the year related program expenditures are incurred. Aids received prior to meeting revenue recognition criteria are recorded as deferred revenues.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories and Prepaid Items

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. United States Department of Agriculture commodities inventory received by the Food Service Fund is recorded as both revenue and expense in the year received. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both district-wide and fund financial statements.

Capital Assets

Capital assets, which include land, buildings, equipment, and vehicles are reported in the applicable governmental column in the district-wide financial statements.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Capital assets are defined by the government as assets with an initial individual cost of more than \$ 1,000 and an estimated useful life in excess of 1 year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The School District does not have infrastructure-type assets.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings..... 20 - 30 years

Buses and other vehicles.....5 - 65 years

Furniture and Other

Equipment..... 5 - 20 years

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent Liabilities

Unemployment

Payroll and related withholding and expenses which have been earned by School District employees but not paid as of June 30 are recorded as a liability on the School District's balance sheet.

The School District is a reimbursing employer to the Michigan Employment Security Commission and as such is responsible to pay the Commission for those benefits paid and charged to its accounts. As of June 30, 2007 appropriate liabilities have been recorded for all claims paid by the Commission. However, no provision has been made for future payments that might result from claims in process or un-filed.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent Liabilities

Compensated Absences

Sick Leave

The various employment contracts and agreements covering the School District's personnel allow for the accumulation of sick leave as defined.

Although cumulative, the benefit does not vest, i.e., it is forfeited if the employee retires or leaves the employment of the District. The details of each contract/agreement as they relate to the accumulation of sick leave benefits and the corresponding contingent liability as of June 30, 2007 are summarized as follows:

Teaching staff can accumulate up to 200 days of sick leave. Upon retirement, employees with at least (14) years of service are paid for up to a maximum of 100 days of unused sick leave.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent Liabilities (Continued)

Compensated Absences (Continued)

Sick Leave (Continued)

Employees with 50 or less days accrued but unused sick leave days are paid at a rate of \$ 20 per day; employees with more than 50 days accrued sick leave are paid at a rate of \$ 30 per day up to a maximum of 100 days.

Support staff employees with at least 5 years of service with the District can accumulate up to 800 hours of sick leave.

Employees with 400 hours or less are paid at a rate of \$ 20 per 8-hour day; employees with more than 400 hours are paid at a rate of \$ 30 per 8-hour day, up to a maximum of 800 hours.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent Liabilities (Continued)

Compensated Absences (Continued)

Sick Leave (Continued)

At June 30, 2007, the accumulated sick leave liability for all employees, including the related costs of FICA and retirement is estimated at \$ 327,943.10. Short-term benefits likely to be paid within the next 12 month period would result in a current liability of \$ 32,794.31. It is estimated that the long-term liability (calculated at the applicable percentage and rate at retirement) is approximately \$295,148.79.

Based on actual prior year activity and as prescribed by GASB 16, that which could reasonably be expected to be used has been recognized and expended in the current period. The balance, or long-term portion, has been reported as long-term debt in the Statement of Net Assets.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent Liabilities (Continued)

Compensated Absences (Continued)

Sick Leave Bank

The School District maintains a reserve of sick leave to provide for long-term teacher illness in special instances when teachers have exhausted their accumulated benefits. Eligible teachers receive their current contractual rate of pay for a period of up to 180 days. The bank is limited to a maximum of 270 days.

Because the privilege to draw from the sick leave bank is granted on a case-by-case basis at the discretion of the Board of Education, and is not an automatic benefit, benefits accumulated in the sick leave bank are not considered to be a liability of the **Forest Park School District**.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-Monetary Transactions

Federal financial assistance received by school districts may include claims for reimbursement on reimbursable meals and milk served, cash in lieu of commodities, USDA donated commodities (both bonus and entitlement), discounts and rebates for the value of USDA donated commodity ingredients contained in processed foods (end products) provided by the state and federal processing program, respectively, and other payments for administrative costs, etc.

The Single Audit Act of 1984, as amended, and OMB Circular A-133 defines federal financial assistance to include both monetary and non-monetary forms of assistance provided by or passed down from a federal agency, such as grants, contracts, loans, loan guarantees, property, etc.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-Monetary Transactions (Continued)

On this basis, the District recognizes the USDA value of donated commodities (bonus and non-bonus) received and expended in the amount of \$ 15,568 for entitlement commodities, and bonus commodities of \$ 164.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Long-Term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statements of net assets.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Obligations (Continued)

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond costs, during the current period.

Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the general and special revenue funds. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Budgetary Information (Continued)

State law requires the District to have its budget in place by July 01. Expenditures in excess of amounts budgeted is a violation of Michigan Law. State law permits districts to amend its budgets during the year.

**Excess of Expenditures Over Appropriations in
Budgetary Funds**

Budget Violations

P.A. 621 of 1978, SECTION 18 (1), as amended, provides a local unit shall not incur expenditures in excess of the amounts appropriated.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

**Excess of Expenditures Over Appropriations in
Budgetary Funds (Continued)**

Budget Violations

The **Forest Park School District's** actual expenditures and budgeted expenditures for the funds budgeted have been shown on an activity basis. The approved budgets of the **Forest Park School District** were adopted at the activity level. The budget is prepared on the modified accrual basis of accounting, which is the same basis as the financial statements.

The total actual 2006-2007 expenditures for all activities (cost centers) did not exceed the amended budget allocations.

Fund Deficits

At June 30, 2007, the District had no fund deficit in any fund.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 3 - DEPOSITS AND INVESTMENTS

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of the federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the local unit's cash deposits classifies cash according to three levels of risk.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

These three levels of risk are as follows:

Category 1

Deposits which are insured or collateralized with securities held by the District or its agent in the District's name.

Category 2

Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

Category 3

Deposits which are not collateralized or insured.

Based on these three levels of risk, the District's cash deposits are classified as follows:

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Totals</u>
Cash and Deposits	\$ 101574	\$ -0-	\$ 322106	\$ 423680

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>
Cash and cash equivalents	\$ 310407	\$ 113273	\$ 423680
Investments	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$ 310407	\$ 113273	\$ 423680

The breakdown between deposits and investments for the School District is as follows:

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits (checking and savings accounts, certificates of deposit)	\$ 422630
Investments in securities, mutual funds, and similar vehicles	0
Petty cash/Cash on hand	<u>1050</u>
Total	\$ <u>423680</u>

The deposits of the School District were reflected in the accounts of financial institutions at \$ 423,680, of which \$101,574 is covered by federal depository insurance.

Investments are categorized into these categories of credit risk:

Category 1 - Insured or registered, or securities held by the School District or its agent in the School District's name.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the School District's name.

Category 3 - Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the School District's name.

At June 30, 2007, the School District's investment balances were categorized as follows:

	Category 1	Category 2	Category 3	Category 4	Market Value
Investments	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 4 - RECEIVABLES

Receivables as of year-end for the School District's individual major funds and the non-major and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Operating Funds</u>	<u>Non-major And Other Funds</u>	<u>Total</u>
Receivables:			
Taxes	\$ 101299	\$ 37980	\$ 139279
Intergovernmental	395572	1468	397040
Other	<u>2530</u>	<u>1702</u>	<u>4232</u>
Total Receivables	\$ <u>499401</u>	\$ <u>41150</u>	\$ <u>540551</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 4 - RECEIVABLES (CONTINUED)

Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Grant and categorical aid payment not considered available	\$ -0-	\$ -0-
Payments received prior to meeting all eligibility requirements:	<u>-0-</u>	<u>-0-</u>
Total	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

NOTE 5 - CAPITAL ASSETS

Capital asset activity of the School District's governmental activities was as follows:

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	Balance June 30, <u>2006</u>	<u>Additions</u>	<u>Disposals and Adjustments</u>	Balance June 30, <u>2007</u>
Assets not being depreciated:				
Land	\$ 5000	\$ -0-	\$ -0-	\$ 5000
Capital assets being depreciated:				
Land Improvements	323345	9332	-0-	332677
Building and building improvements	11882780	-0-	-0-	11882780
Buses and other vehicles	556895	-0-	-0-	556895
Furniture and equipment	<u>730335</u>	<u>16501</u>	<u>-0-</u>	<u>746836</u>
Subtotal	\$ 13493355	\$ 25833	\$ -0-	\$ 13519188
Accumulated Depreciation:				
Land Improvements	146782	16401	-0-	163183
Building and building improvements	\$ 2990687	\$ 248451	\$ -0-	\$ 3239138

(Continued on page 68)

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 5 - CAPITAL ASSETS (CONTINUED)

(Continued from previous page)

	<u>Balance June 30, 2006</u>	<u>Additions</u>	<u>Disposals and Adjustments</u>	<u>Balance June 30, 2007</u>
Accumulated Depreciation (Con't)				
Buses and other vehicles	\$ 377622	\$ 34308	\$ -0-	\$ 411930
Furniture and equipment	<u>506419</u>	<u>45216</u>	<u>-0-</u>	<u>551635</u>
Subtotal	4021510	344376	-0-	4365886
Net capital assets being Depreciated	<u>9471845</u>	<u>(318543)</u>	<u>-0-</u>	<u>9153302</u>
Net capital assets	\$ <u>9476845</u>	\$ <u>(318543)</u>	\$ <u>-0-</u>	\$ <u>9158302</u>

Depreciation expense was not charged to activities as the District considers its assets to impact multiple activities and allocation is not practical.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 6 – INTER-FUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of inter-fund balances is as follows:

Do To/From Other Funds:

The amounts of inter-fund receivables and payables as of June 30, 2007 were as follows:

<u>Fund</u>	<u>Inter-fund Receivable</u>	<u>Inter-fund Payable</u>
General Fund	\$ 11520	\$ 73
Food Service	-0-	-0-
Debt Retirement	73	-0-
Community Schools	-0-	11520
Athletic	-0-	-0-
Capital Projects	-0-	-0-
Revolving Fund	1353	-0-
Scholarship Fund	<u>-0-</u>	<u>1353</u>
Totals	\$ <u>12946</u>	\$ <u>12946</u>

<u>Summary by Fund Classification:</u>	<u>Inter-fund Receivable</u>	<u>Inter-fund Payable</u>
Major Funds	\$ 11593	\$ 11593
Private-Purpose Trust Funds	<u>1353</u>	<u>1353</u>
Totals	\$ <u>12946</u>	\$ <u>12946</u>

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 6 – INTER-FUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Do To/From Other Funds: (Continued)

The General Fund transfers monies to other governmental funds as needed to support the activities of the District. The above schedule represents amounts pending at year-end.

Operating Transfers

Inter-fund transfers are the result of legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended.

During the fiscal year ended June 30, 2007 the District authorized the following transfers:

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 6 – INTER-FUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Operating Transfers (Continued)

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -0-	\$ 176854
Athletic Fund	98700	-0-
Capital Projects	-0-	-0-
Debt Retirement	70314	-0-
Community Schools	<u>7840</u>	<u>-0-</u>
Totals	\$ <u>176854</u>	\$ <u>176854</u>

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Summary by Fund Classification:</u>		
Major Funds	\$ 78154	\$ 176854
Non-Major Funds	<u>98700</u>	<u>-0-</u>
Totals	\$ <u>176854</u>	\$ <u>176854</u>

General Fund transfers monies as needed to the Athletic Fund, Capital Project Fund, and Debt Retirement Fund to support those fund activities.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 6 – INTER-FUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Other Financing Sources (Uses)

The transfers of cash between various District funds are budgeted but reported separately from revenues and expenditures as operating transfers in or (out), unless they represent temporary advances that are to be repaid, in which case, they are carried as assets and liabilities of the advancing or borrowing funds.

NOTE 7 - DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

At June 30, 2007, the District reported no deferred revenue.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 8 - LONG-TERM DEBT

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General Obligation Bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include compensated absences, claims and judgments, termination benefits, and certain risk obligations.

Long-term obligation activity can be summarized as follows:

	Balance 06/30/06	Additions	Deletions	Balance 06/30/07
2005 Refunding Bonds	\$ 4795000	\$ -0-	\$ 380000	\$ 4415000
M-TEC Loan (6/2/05)	30541	-0-	9407	21134
Durant Resolution Package Bonds	30757	-0-	-0-	30757
First National Bank of Crystal Falls (Bus Garage)	129564	-0-	35393	94171
Northern Michigan Bank & Trust (Bus Loan)	88694	-0-	14435	74259
Long-term Employee Benefits Payable	283136	12013	-0-	295149
Retirement Incentive Payable	<u>163362</u>	<u>35000</u>	<u>76681</u>	<u>121681</u>
Totals	\$ <u>5521054</u>	\$ <u>47013</u>	\$ <u>515916</u>	\$ <u>5052151</u>

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 8 - LONG-TERM DEBT (CONTINUED)

2005 REFUNDING BONDS

On March 16, 2005, the District issued \$ 4,795,000 in general obligation, unlimited tax refunding bonds for the purpose of refunding a portion of the 1997 bonds maturing in the years 2007 to 2017. The bonds pledge the full faith and credit of the School District for payment of the principal and interest thereon and will be payable from ad valorem taxes, which may be levied on all taxable property in the School District without limitation as to rate or amount.

The bonds are fully qualified for the Michigan School Bond Loan Fund Program pursuant to Act 108, Public Acts of Michigan, 1961, as amended, enacted pursuant to Article IX, Section 16 of the Michigan Constitution of 1963.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 8 - LONG-TERM DEBT (CONTINUED)

2005 REFUNDING BONDS (Continued)

The principal and interest requirements are as follows:

<u>Payment Date</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total Payment</u>
11/01/2007	\$ -0-	\$ 95475	\$ 95475
05/01/2008	390000	95475	485475
11/01/2008	-0-	89625	89625
05/01/2009	400000	89625	489625
11/01/2009	-0-	83625	83625
05/01/2010	415000	83625	498625
11/01/2010	-0-	73250	73250

(Continued on page 76)

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 8 - LONG-TERM DEBT (CONTINUED)

2005 REFUNDING BONDS (Continued)

<u>Payment Date</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total Payment</u>
05/01/2011	\$ 430000	\$ 73250	\$ 503250
05/01/2011	0	62500	62500
05/01/2012	450000	62500	512500
05/01/2012	0	51250	51250
11/01/2013	465000	51250	516250
05/01/2013	0	39625	39625
05/01/2014	465000	39625	504625
11/01/2014	0	28000	28000
05/01/2015	465000	28000	493000
11/01/2015	0	18700	18700
05/01/2016	465000	18700	483700
11/01/2016	0	9400	9400
05/01/2017	<u>470000</u>	<u>9400</u>	<u>479400</u>
Totals	\$ 4415000	\$ 1102900	\$ 5517900

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 8 - LONG-TERM DEBT (CONTINUED)

M-TECH LOAN

On June 02, 2005, the District executed a note in the amount of \$ 41,446, with M-Tech bearing interest at a nominal annual rate of 2.0%. Beginning June 29, 2005, the District was required to make monthly payments in the amount of \$ 898.96, with the last scheduled payment to be made on May 29, 2009. Proceeds from the loan were used to make energy improvements. The loan balance as of June 30, 2007 was \$ 21,134.

DURANT SETTLEMENT

The Durant class-action lawsuit resulted in a judgment of \$212 million against the State of Michigan. The State mandated specific education programs, but failed to compensate local school districts for the increased cost of mandated programs.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 8 - LONG-TERM DEBT (CONTINUED)

DURANT SETTLEMENT (Continued)

The local school districts that did not participate in the class-action lawsuit were offered a settlement in lieu of future litigation.

The Districts with settlement amounts greater than or equal to \$75,000 were to receive one-half of the settlement amount over a period of ten years beginning November 15, 1998. Restrictions on the use of these funds are stated in 11f(6):school buses, electronic instructional material and software, school security, textbooks, technology, infrastructure or infrastructure improvement, training for technology, or to reduce or eliminate voter-approved debt that was issued prior to 11/19/97.

The District opted to participate in a bonding program, whereby the District would receive bond proceeds equal to the other half of the settlement amount (\$52,090).

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 8 - LONG-TERM DEBT (CONTINUED)

DURANT SETTLEMENT (Continued)

The bonds were issued through the Michigan Municipal Bond Authority as School Loan Revenue Bonds, Series 1998.

The proceeds of the bonds were to be used for capital expenditures and to pay costs of bond issuance, and were not to be used for maintenance cost.

The Durant bonds are considered to be a legal obligation of the District and are recorded in the District's General Long-Term Debt Account Group. The annual State of Michigan appropriation is the only revenue source for making the annual debt service payment on the bonds. If the legislature fails to appropriate the funds, the District is under no obligation for payment.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 8 - LONG-TERM DEBT (CONTINUED)

SCHOOL IMPROVEMENT BOND, SERIES 1998

(Continued)

Repayment of the Principal Amount shall be made according to the following schedule until the full Principal Amount is repaid.

In the event that the Authority elects to adjust the interest rates payable on this bond, the Authority may prepare and substitute a new payment schedule reflecting such adjustment, a copy of which shall be sent to the School District and to the Authority's Depository.

The Michigan Municipal Bond Authority has determined that certain payments of principal installments and interest which were due on May 15, 2007 and May 15, 2008 shall be deferred until a later date, which is reflected in the new payment schedule.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 8 - LONG-TERM DEBT (CONTINUED)

SCHOOL IMPROVEMENT BOND, SERIES 1998
(Continued)

(Continued from previous page)

Payment Dates Due on May 15	May 10, 2007 (Revised)
2008	\$ 0.00
2009	24576.95
2010	3657.84
2011	3657.89
2012	3657.70
2013	<u>3657.65</u>
Total	\$ <u>39208.03</u>

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 8 - LONG-TERM DEBT (CONTINUED)

SCHOOL IMPROVEMENT BOND, SERIES 1998
(Continued)

Total Settlement Amount of	\$ 104,179.00
Bonded Settlement Amount of	\$ 52,089.50
Annual Interest Rate is	4.761353%
Average Life of bonds is	6.783 years

FIRST NATIONAL BANK OF CRYSTAL FALLS
INSTALLMENT NOTE # 92566

On December 15, 1999, the District executed a loan in the amount of \$314,000 from the First National Bank of Crystal Falls to defray the costs of constructing a new bus garage.

The installment note bears interest at the rate of 5.740%; requires monthly installment payments of \$3458.46 payable on January 15, 2000 and in the 15th day of each month thereafter for 120 months until maturity on December 15, 2009. The unpaid balance on June 30, 2007 was \$94171.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 8 - LONG-TERM DEBT (CONTINUED)

**NORTHERN MICHIGAN BANK & TRUST
INSTALLMENT NOTE # 30029205-1**

On August 26, 2005, the District executed a loan in the amount of \$96,200 from the Northern Michigan Bank & Trust of Kingsford to purchase two school buses.

The installment note bears interest at the rate of 4.350%; requires semi-annual principal installments over a 6 year period commencing on February 28, 2006 and semi-annually thereafter until August 26, 2011. The principal loan balance as of June 30, 2007 was \$74,259.

ACCRUED LONG-TERM SICK LEAVE

On June 30, 2007 the District's estimated liability for long-term sick leave payable, plus the related costs of FICA, Medicare, and retirement was \$ 295,149.

RETIREMENT INCENTIVE PAYABLE

On June 30, 2007 the long-term retirement incentive is payable as follows:

2007-08	\$ 81,680.91
2008-09	15,000.00
2009-10	5,000.00
2010-11	5,000.00
2011-12	5,000.00
2012-13	5,000.00
2013-14	<u>5,000.00</u>
	\$ 121,680.91

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 9 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the School District. Settled claims relating to the commercial insurance did not exceed the amount of insurance coverage in any of the past three years.

NOTE 10 - EMPLOYEE RETIREMENT SYSTEM-DEFINED BENEFIT PLAN

The School District contributes to the Michigan Public School Employees' Retirement system (MPERS), a cost-sharing multiple-employer defined benefit pension administered by the Michigan Department of Management and Budget, Office of Retirement Systems.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 10 - EMPLOYEE RETIREMENT SYSTEM-DEFINED BENEFIT PLAN (CONTINUED)

MPSERS provides retirement, survivor and disability benefits to public school employees. Eligibility and benefit provisions are governed under Public Act 136 of 1945, re-codified and currently operating under the provisions of Public Act 300 of 1980, as amended. MPSERS issues a publicly available financial report that includes financial statements and required supplementary information.

The annual report may be obtained by calling (517) 322-5103 or by writing to:

**Department of Management and Budget
Office of Retirement Systems
P.O. Box 30673
Lansing, Michigan 48909-8103**

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 10 - EMPLOYEE RETIREMENT SYSTEM-DEFINED BENEFIT PLAN (CONTINUED)

The School District is required by state statute to contribute 16.34% of covered payroll from July 01, 2006 through September 30, 2007, increasing to 17.74% from October 01, 2006 through June 30, 2007. Contributions to MPSERS are determined on an actuarial basis using the entry age normal actuarial cost method. Contribution requirements of plan members including the School District are established and may be amended only by state statute.

The School District's contributions to MPSERS for the year ending June 30, 2007, 2006, and 2005, were \$ 474,125, \$ 459,915, and \$ 392,091, respectively.

Mandatory member contributions were phased out between 1974 and 1977, with the plan remaining noncontributory until January 1, 1987, when the Member Investment Plan (MIP) was enacted. MIP members enrolled prior to January 01, 1990, contribute at a permanently fixed rate of 3.9% of gross wages.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 10 - EMPLOYEE RETIREMENT SYSTEM-DEFINED BENEFIT PLAN (CONTINUED)

The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990, when it was reduced to 3.9%. Members first hired January 1, 1990 or later and returning members who did not work between January 1, 1987 through December 31, 1989, contribute at the following graduated permanently fixed contribution rate: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000.

Basic Plan members make no contributions. Contributions collected and remitted by the School District on behalf of MIP members for the years ending June 30, 2007, 2006, and 2005 were \$ 78,105, \$ 81,722, and \$ 71,915, respectively, equal to the required contributions for the year.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 11 - POST-EMPLOYMENT BENEFITS

In addition to the pension benefits, MPSERS provides comprehensive group medical, hearing, dental and vision coverage for retirees and beneficiaries. A significant portion of the premium is paid by MPSERS with the balance deducted from the monthly pension of the retiree. The portion provided by MPSERS is factored into the pension contribution rate.

NOTE 12 - RELATED PARTY TRANSACTIONS

Related parties exist when there is a relationship that offers the potential for transactions at less than arm's length, favorable treatment, or the ability to influence the outcome of events differently from that which might result in the absence of that relationship.

Financial statements must include disclosure of material related party transactions, other than compensation arrangements, expense allowances and similar items in the ordinary course of business.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 12 - RELATED PARTY TRANSACTIONS (CONTINUED)

However, disclosure of transactions that are eliminated in the preparation of combined financial statements is not required in those statements.

On this basis, there were no related party transactions reported in the financial statements.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events have a material effect on the financial statements which requires adjustment or disclosure. They relate to events that provide additional evidence with respect to conditions that existed at the date of the balance sheet and events that provide evidence with respect to conditions that did not exist at the date of the balance sheet but arose subsequent to that date.

At fiscal year ended June 30, 2007, there were no other subsequent events that would have a significant affect on the District's operations.

FOREST PARK SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

June 30, 2007

NOTE 14 - COMMITMENTS AND CONTINGENCIES

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies.

Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of money received may be required and the collectibility of any related receivable at June 30, 2007 may be impaired.

In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

REQUIRED SUPPLEMENTAL INFORMATION

FOREST PARK SCHOOL DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION

BUDGETARY COMPARISON SCHEDULE – GENERAL OPERATING FUNDS

FISCAL YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL
<u>REVENUE</u>			
Local Sources	\$ 2,212,166	\$ 2,225,983	\$ 2,229,647
State Sources	2,370,692	2,467,160	2,462,405
Federal Sources	141,925	146,978	146,470
Interdistrict and Other Sources	<u>32,378</u>	<u>37,217</u>	<u>38,820</u>
TOTAL REVENUE	\$ 4,757,161	\$ 4,877,338	\$ 4,877,342
<u>EXPENDITURES - CURRENT</u>			
<i>Instruction :</i>			
Basic Programs	2,685,272	2,763,197	2,738,771
Added Needs	581,120	610,366	601,881
<i>Supporting Services :</i>			
Pupil	37,885	42,256	40,264
Instructional Staff	900	12,008	11,989
General Administration	222,880	227,038	220,929
School Administration	190,112	188,744	187,007
Business Services	137,669	67,813	67,463
Operation and Maintenance	508,656	533,994	512,550
Transportation	262,616	274,308	270,221
Other Supporting Services	88,085	97,252	95,433
Community Services	<u>14,792</u>	<u>13,110</u>	<u>12,217</u>
TOTAL EXPENDITURES	\$ 4,729,987	\$ 4,830,086	\$ 4,758,725
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In	15,580	9,332	7,840
Operating Transfers Out	(199,519)	(179,250)	(176,854)
NET CHANGE IN FUND BALANCE	(156,765)	(122,666)	(50,397)
FUND BALANCE - BEGINNING OF YEAR	<u>348,835</u>	<u>348,835</u>	<u>348,835</u>
FUND BALANCE - END OF YEAR	<u>\$ 192,070</u>	<u>\$ 226,169</u>	<u>\$ 298,438</u>

The notes to the financial statements are an integral part of this report.

OTHER SUPPLEMENTAL INFORMATION

FOREST PARK SCHOOL DISTRICT

OTHER SUPPLEMENTAL INFORMATION

COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2007

	<u>Special Revenue Funds</u>			
	<u>Food Service</u>	<u>Athletic Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and Investments (Note 3)	\$ 23,711	\$ 5,683	\$ 1,607	\$ 31,001
Receivables				
Accounts Receivable	3,170	-	-	3,170
Due from Other Funds	-	-	-	-
Inventories	4,124	-	-	4,124
TOTAL ASSETS	<u>\$ 31,005</u>	<u>\$ 5,683</u>	<u>\$ 1,607</u>	<u>\$ 38,295</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Accounts Payable	-	-	-	-
Due to Other Funds	-	-	-	-
TOTAL LIABILITIES	-	-	-	-
<u>FUND BALANCES</u>				
Reserved for Food Services	31,005	-	-	31,005
Reserved for Athletics	-	5,683	-	5,683
Reserved for Capital Projects	-	-	1,607	1,607
TOTAL FUND BALANCES	31,005	5,683	1,607	38,295
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 31,005</u>	<u>\$ 5,683</u>	<u>\$ 1,607</u>	<u>\$ 38,295</u>

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

OTHER SUPPLEMENTAL INFORMATION

**COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND
BALANCES – NON-MAJOR GOVERNMENTAL FUNDS**

YEAR ENDED JUNE 30, 2007

	<u>Special Revenue Funds</u>		<u>Capital Project Fund</u>	<u>Total</u>
<u>Revenue</u>	<u>Food Service</u>	<u>Athletic Fund</u>		
Local Revenue	\$ 102,164	\$ 45,100	\$ 2,401	\$ 149,665
State Revenue	7,519	-		7,519
Federal Revenue	144,572	-		144,572
Total Revenue	\$ 254,255	\$ 45,100	\$ 2,401	\$ 299,355
<u>Expenditures</u>				
<i>Current:</i>				
Salaries	69,577	43,261		112,838
Insurance	17,572	9,861		27,433
Fringe Benefits	25,373	10,828		36,201
Purchased Services	4,530	56,415		60,945
Supplies and Materials	127,891	13,284		141,175
Capital Outlay	-	-	9,332	9,332
Other	385	4,468		4,853
Total Expenditures	\$ 245,328	\$ 138,117	\$ 9,332	\$ 392,777
Excess (Deficiency) of Revenues Over Expenditures	8,927	(93,017)	(6,931)	(91,021)
<u>Other Financing Sources (Uses)</u>				
Operating transfers in	-	98,700	-	98,700
Operating transfers out	-		-	
Total Other Financing Sources (Uses)	-	98,700	-	98,700
Net Change in Fund Balances	8,927	5,683	(6,931)	7,679
FUND BALANCE - BEGINNING OF YEAR	22,078	-	8,538	30,616
FUND BALANCE - END OF YEAR	\$ 31,005	\$ 5,683	\$ 1,607	\$ 38,295

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

ALL GENERAL OPERATING FUNDS – COMBINING BALANCE SHEET

JUNE 30, 2007

	General Fund	Community School Fund	Total
<u>ASSETS</u>			
Cash	\$ 92,664	\$ 5,192	\$ 97,856
Taxes Receivable	101,299	-	101,299
Accounts Receivable			
Federal	-	-	-
State	390,770	4,802	395,572
Other	1,004	1,526	2,530
Due From Other Funds	11,520	-	11,520
Inventory	21,081	-	21,081
Prepaid Expense	27	-	27
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 618,365</u>	<u>\$ 11,520</u>	<u>\$ 629,885</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
<u>LIABILITIES</u>			
Accrued Benefits	156,129	-	156,129
Salaries Payable	163,725	-	163,725
Due To Other Funds	73	11,520	11,593
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	319,927	11,520	331,447
 <u>FUND EQUITY</u>			
Fund Balance, Designated for Future			
Operations	279,813		279,813
Fund Balance, Unreserved & Undesignated	18,625	-	18,625
	<hr/>	<hr/>	<hr/>
TOTAL FUND EQUITY	298,438	-	298,438
 TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 618,365</u>	<u>\$ 11,520</u>	<u>\$ 629,885</u>

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

**ALL GENERAL OPERATING FUNDS - COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES**

June 30, 2007

	General Fund	Community School Fund	Total
<u>REVENUES</u>			
<u>Local Sources</u>			
Current Tax Levy	\$ 2,091,398	\$ -	\$ 2,091,398
Other Local Revenue	77,323	60,926	138,249
<u>State Sources</u>			
State Aid	2,197,931	26,400	2,224,331
Other State Revenue	238,074	-	238,074
<u>Federal Sources</u>			
Federal Grants	146,470	-	146,470
TOTAL REVENUE	\$ 4,751,196	\$ 87,326	\$ 4,838,522
<u>OTHER FINANCING SOURCES</u>			
Fund Modifications and Other Transactions	38,820	7,840	46,660
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>4,790,016</u>	<u>95,166</u>	<u>4,885,182</u>
<u>EXPENDITURES</u>			
Educational			
Instructional	3,307,471	33,181	3,340,652
Supporting Services	1,356,088	49,768	1,405,856
Community Services	-	12,217	12,217
TOTAL EXPENDITURES	4,663,559	95,166	4,758,725
<u>OTHER FINANCING USES</u>			
Fund Modifications	176,854	-	176,854
Other Transactions	-	-	-
TOTAL EXPENDITURES AND OTHER FINANCING SOURCES	4,840,413	95,166	4,935,579
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(50,397)	-	(50,397)
FUND BALANCE, JULY 1	348,835		348,835
FUND BALANCE, JUNE 30	<u>\$ 298,438</u>	<u>\$ -</u>	<u>\$ 298,438</u>

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

SPECIAL REVENUE FUNDS – COMBINING BALANCE SHEET

JUNE 30, 2007

	Food Service Fund	Inter- Scholastic Athletic Fund	Total
<u>ASSETS</u>			
Cash	\$ 23,711	\$ 5,683	\$ 29,394
Inventory	4,124	-	4,124
Accounts Receivable	3,170	-	3,170
TOTAL ASSETS	<u>\$ 31,005</u>	<u>\$ 5,683</u>	<u>\$ 36,688</u>
 <u>FUND EQUITY</u>			
Fund Balance, Unreserved	31,005	5,683	36,688
TOTAL FUND EQUITY	<u>\$ 31,005</u>	<u>\$ 5,683</u>	<u>\$ 36,688</u>

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

**SPECIAL REVENUE FUNDS - COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES**

FISCAL YEAR ENDED JUNE 30, 2007

	<u>Food Service Fund</u>	<u>Interscholastic Athletic Fund</u>	<u>Total</u>
<u>REVENUES</u>			
School Service Activities :			
Student Lunches - Type A	\$ 54,922	\$ -	\$ 54,922
Adult Lunches	5,309		5,309
Milk	78	-	78
Ala Carte	39,996		39,996
Catering	1,718	-	1,718
General Admissions and Other	-	44,071	44,071
Interest	141	72	213
Donation	-	957	957
Federal Sources :			
Federal Aid	128,840	-	128,840
USDA Commodities/Bonus	15,732	-	15,732
State Sources :			
School Lunch Program	<u>7,519</u>	<u>-</u>	<u>7,519</u>
TOTAL REVENUES	\$ 254,255	\$ 45,100	\$ 299,355
<u>OTHER FINANCING SOURCES</u>			
Transfers From General Fund	<u>-</u>	<u>98,700</u>	<u>98,700</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	254,255	143,800	398,055
<u>EXPENDITURES</u>			
Professional Salaries	69,577	36,004	105,581
Nonprofessional Salaries	-	7,257	7,257
Insurance	17,572	9,861	27,433
FICA/Retirement	18,083	10,828	28,911
Other Benefits	7,290	-	7,290
Purchased Services	4,530	56,415	60,945
Supplies and Materials	127,891	13,284	141,175
Other	<u>385</u>	<u>4,468</u>	<u>4,853</u>
TOTAL EXPENDITURES	\$ 245,328	\$ 138,117	\$ 383,445
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	8,927	5,683	14,610
FUND BALANCE, JULY 1	<u>22,078</u>	<u>-</u>	<u>22,078</u>
FUND BALANCE, JUNE 30	<u>\$ 31,005</u>	<u>\$ 5,683</u>	<u>\$ 36,688</u>

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

GENERAL FUND – COMPARATIVE BALANCE SHEET

JUNE 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash and Deposits	\$ 92,664	\$ 87,156
Taxes Receivable	101,299	76,715
Accounts Receivable :		
Federal	-	-
State	390,770	423,313
Other	1,004	-
Due From Other Funds	11,520	87,163
Inventory	21,081	20,498
Prepaid Expense	<u>27</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 618,365</u></u>	<u><u>\$ 694,845</u></u>
<u>LIABILITIES AND FUND EQUITY</u>		
<u>LIABILITIES</u>		
Accrued Benefits	156,129	157,307
Salaries Payable	163,725	155,302
Due To Other Funds	<u>73</u>	<u>33,401</u>
TOTAL LIABILITIES	<u><u>\$ 319,927</u></u>	<u><u>\$ 346,010</u></u>
<u>FUND EQUITY</u>		
Fund Balance, Designated for Future		
Operations	279,813	275,822
Fund Balance, Designated for Capital Projects	-	73,013
Fund Balance, Unreserved & Undesignated	<u>18,625</u>	<u>-</u>
TOTAL FUND EQUITY	<u><u>298,438</u></u>	<u><u>348,835</u></u>
TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$ 618,365</u></u>	<u><u>\$ 694,845</u></u>

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

GENERAL FUND – SUPPLEMENTAL SCHEDULE OF REVENUES – ACTUAL COMPARED TO BUDGET

Fiscal Year Ended June 30, 2007

(With Comparative Totals for Fiscal Year Ended June 30, 2006)

	FISCAL YEAR ENDED JUNE 30, 2007			FISCAL YEAR ENDED 6/30/06
	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	
<u>REVENUES</u>				
<u>LOCAL SOURCES</u>				
Current Tax Levy	\$ 2,091,398	\$ 2,095,367	\$ (3,969)	\$ 2,016,022
Other Taxes	987	-	987	-
Penalties and Interest on Delinquent Taxes	4,879	4,879	-	2,687
Interest Income	6,240	5,900	340	5,339
Other Local Revenue	65,217	57,562	7,655	239,603
TOTAL REVENUES FROM LOCAL SOURCES	\$ 2,168,721	\$ 2,163,708	\$ 5,013	\$ 2,263,651
<u>STATE SOURCES</u>				
State School Aid	2,197,931	2,201,714	(3,783)	2,069,821
At Risk	114,405	114,415	(10)	96,827
Special Education	97,065	97,976	(911)	93,332
State Aid Restricted/Durant	5,209	5,209	-	5,209
DNR Outreach/Education	2,000	2,000	-	-
Middle School Math Initiative	7,556	7,557	(1)	
Renaissance Zone	11,839	11,889	(50)	11,533
TOTAL REVENUES FROM STATE SOURCES	2,436,005	2,440,760	(4,755)	2,276,722
<u>FEDERAL SOURCES</u>				
Title I	92,893	92,893	-	92,893
Title II	35,299	35,299	-	35,634
Title II D	-	508	(508)	1,733
Title V	1,708	1,708	-	2,521
REAP	16,570	16,570	-	12,943
TOTAL REVENUES FROM FEDERAL SOURCES	\$ 146,470	\$ 146,978	\$ (508)	\$ 145,724

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

GENERAL FUND – SUPPLEMENTAL SCHEDULE OF REVENUES – ACTUAL COMPARED TO BUDGET
(Continued)

Fiscal Year Ended June 30, 2007
(With Comparative Totals for Fiscal Year Ended June 30, 2006)

	<u>FISCAL YEAR ENDED JUNE 30, 2007</u>			<u>FISCAL YEAR ENDED 6/30/2006</u>
	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	
<u>OTHER FINANCING SOURCES</u>				
Payments From Other Governmental Units :				
Federal Sources	\$ 16,804	\$ 17,217	\$ (413)	\$ 21,716
State Sources	16,573	14,600	1,973	18,267
Other	<u>5,443</u>	<u>5,400</u>	<u>43</u>	<u>7,614</u>
TOTAL OTHER FINANCING SOURCES	38,820	37,217	1,603	47,597
 TOTAL REVENUES AND OTHER FINANCING SOURCES	 <u>\$ 4,790,016</u>	 <u>\$ 4,788,663</u>	 <u>\$ 1,353</u>	 <u>\$ 4,733,694</u>

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

**GENERAL FUND – SUPPLEMENTAL SCHEDULE OF EXPENDITURES – ACTUAL
COMPARED TO BUDGET**

Fiscal Year Ended June 30, 2007
(With Comparative Totals for Fiscal Year Ended June 30, 2006)

	FISCAL YEAR ENDED JUNE 30, 2007			FISCAL YEAR ENDED 6/30/06
	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	
<u>INSTRUCTIONAL</u>				
<u>BASIC PROGRAMS</u>				
<u>Elementary</u>				
Professional Salaries	\$ 717,414	\$ -	\$ -	\$ 726,196
Insurance	175,675			182,279
FICA/Retirement	205,767	-	-	197,451
Other Benefits	18,620			5,636
Purchased Services	23,678	-	-	10,239
Supplies and Materials	19,780			36,996
Capital Outlay	-	-	-	2,299
Other	1,601			2,136
Total Elementary	1,162,535	1,175,595	13,060	1,163,232
<u>Secondary</u>				
Professional Salaries	846,752	-	-	839,170
Insurance	243,341			219,720
FICA/Retirement	242,615	-	-	229,585
Other Benefits	10,211			9,068
Purchased Services	64,987	-	-	17,252
Supplies and Materials	28,904			44,480
Capital Outlay	-	-	-	6,432
Other	6,415			12,557
Total Secondary	1,443,225	1,451,841	8,616	1,378,264
<u>Pre-Kindergarten</u>				
Professional Salaries	15,574	-	-	15,455
Insurance	7,410			6,390
FICA/Retirement	3,890	-	-	3,662
Other Benefits	-			31
Other	52	-	-	199
Total Pre-Kindergarten	\$ 26,926	\$ 27,663	\$ 737	\$ 25,737

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

**GENERAL FUND – SUPPLEMENTAL SCHEDULE OF EXPENDITURES – ACTUAL
COMPARED TO BUDGET
(Continued)**

Fiscal Year Ended June 30, 2007
(With Comparative Totals for Fiscal Year Ended June 30, 2006)

	FISCAL YEAR ENDED JUNE 30, 2007			FISCAL YEAR ENDED 6/30/2006
	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	
<u>INSTRUCTIONAL</u> (Continued)				
<u>BASIC PROGRAMS</u> (Continued)				
<u>Computer Education</u>				
Purchased Services	\$ 36,488	\$ -	\$ -	\$ 34,811
Supplies and Materials	13,301			16,657
Capital Outlay	14,616	-	-	-
Other	8,499			11,496
Total Computer Education	72,904	73,942	1,038	62,964
TOTAL BASIC PROGRAMS	\$ 2,705,590	\$ 2,729,041	\$ 23,451	\$2,630,197
 ADDED NEEDS				
<u>Special Education</u>				
Professional Salaries	176,275	-	-	160,461
Nonprofessional Salaries	52,899			64,298
Insurance	46,461	-	-	46,486
FICA/Retirement	58,785			54,179
Other Benefits	17,279	-	-	13,667
Purchased Services	20,738			7,812
Supplies and Materials	2,758	-	-	3,472
Other	450			108
Total Special Education	375,645	379,071	3,426	350,483
<u>Compensatory Education</u>				
Professional Salaries	44,903	-	-	60,710
Nonprofessional Salaries	18,458			19,037
Insurance	23,837	-	-	26,643
FICA/Retirement	23,507			28,861
Other Benefits	2,628	-	-	1,549
Purchased Services	13,528			1,686
Supplies and Materials	-	-	-	1,494
Total Compensatory Education	\$ 126,861	\$ 130,408	\$ 3,547	\$ 139,980

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

**GENERAL FUND – SUPPLEMENTAL SCHEDULE OF EXPENDITURES – ACTUAL
COMPARED TO BUDGET
(Continued)**

Fiscal Year Ended June 30, 2007
(With Comparative Totals for Fiscal Year Ended June 30, 2006)

	FISCAL YEAR ENDED JUNE 30, 2007			FISCAL YEAR ENDED 6/30/2006
<u>INSTRUCTIONAL (Continued)</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	
<u>ADDED NEEDS (Continued)</u>				
<u>At Risk Program</u>				
Professional Salaries	\$ 60,653	\$ -	\$ -	\$ 59,789
Nonprofessional Salaries	6,496			-
Insurance	8,597	-	-	11,215
FICA/Retirement	16,944			14,127
Other Benefits	136	-	-	40
Purchased Services	-			6,700
Supplies and Materials	3,402	-	-	6,395
Other	3,147			1,702
Total At Risk Program	99,375	100,887	1,512	99,968
TOTAL ADDED NEEDS	\$ 601,881	\$ 610,366	\$ 8,485	\$ 590,431
 TOTAL INSTRUCTIONAL	 \$ 3,307,471	 \$ 3,339,407	 \$ 31,936	 \$3,220,628
 <u>SUPPORTING SERVICES</u>				
<u>STUDENT SERVICES</u>				
<u>Guidance</u>				
Professional Salaries	26,369	-	-	26,102
Insurance	6,787			7,188
FICA/Retirement	6,570	-	-	6,160
Other Benefits	68			76
Purchased Services	250	-	-	250
Supplies and Materials	184			168
Other	36	-	-	-
Total Guidance	40,264	42,256	1,992	39,944
TOTAL STUDENT SERVICES	\$ 40,264	\$ 42,256	\$ 1,992	\$ 39,944

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

**GENERAL FUND – SUPPLEMENTAL SCHEDULE OF EXPENDITURES – ACTUAL
COMPARED TO BUDGET
(Continued)**

Fiscal Year Ended June 30, 2007
(With Comparative Totals for Fiscal Year Ended June 30, 2006)

SUPPORTING SERVICES (Continued)	FISCAL YEAR ENDED JUNE 30, 2007			FISCAL YEAR ENDED 6/30/2006
	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	
INSTRUCTIONAL STAFF				
<u>Library</u>				
FICA/Retirement	\$ 10,000	\$ -	\$ -	\$ 10,000
Purchased Services	100			-
Supplies and Materials	1,889	-	-	359
Capital Outlay	-			1,460
Other	-	-	-	1,540
Total Library	11,989	12,008	19	13,359
TOTAL INSTRUCTIONAL STAFF	\$ 11,989	\$ 12,008	\$ 19	\$ 13,359
GENERAL ADMINISTRATION				
<u>Board of Education</u>				
Nonprofessional Salaries	3,475	-	-	3,270
Insurance	5,000			5,263
Purchased Services	17,442	-	-	30,180
Supplies and Materials	6,730			7,054
Other	2,680	-	-	2,261
Total Board of Education	35,327	36,360	1,033	48,028
<u>Executive Administration</u>				
Professional Salaries	88,981	-	-	87,235
Nonprofessional Salaries	26,136			19,975
Insurance	25,342	-	-	29,011
FICA/Retirement	28,645			25,474
Purchased Services	2,460	-	-	3,630
Supplies and Materials	8,001			6,329
Capital Outlay	-	-	-	1,535
Other	6,037	-	-	6,181
Total Executive Administration	185,602	190,678	5,076	179,370
TOTAL GENERAL ADMINISTRATION	\$ 220,929	\$ 227,038	\$ 6,109	\$ 227,398

The notes to the financial statements are an integral part of this report

FOREST PARK SCHOOL DISTRICT

**GENERAL FUND – SUPPLEMENTAL SCHEDULE OF EXPENDITURES – ACTUAL
COMPARED TO BUDGET
(Continued)**

Fiscal Year Ended June 30, 2007
(With Comparative Totals for Fiscal Year Ended June 30, 2006)

	FISCAL YEAR ENDED JUNE 30, 2007			FISCAL YEAR ENDED 6/30/2006
	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	
<u>SUPPORTING SERVICES</u> (Continued)				
SCHOOL ADMINISTRATION				
<u>Office of the Principal</u>				
Professional Salaries	\$ 58,000	\$ -	\$ -	\$ 62,300
Nonprofessional Salaries	44,487			46,413
Insurance	38,544	-	-	26,571
FICA/Retirement	25,887			25,623
Other Benefits	8,991	-	-	4,575
Supplies and Materials	715			520
Other	1,493	-	-	800
Total Office of the Principal	178,117	179,790	1,673	166,802
TOTAL SCHOOL ADMINISTRATION	\$ 178,117	\$ 179,790	\$ 1,673	\$ 166,802
 BUSINESS SERVICES				
<u>Fiscal Services</u>				
Nonprofessional Salaries	39,396	-	-	46,737
Insurance	-			-
FICA/Retirement	9,243	-	-	10,976
Purchased Services	1,199			
Supplies and Materials	7,364	-	-	2,642
Interest & Fees	1,906			
Capital Outlay	-	-		1,538
Other - Tax refunds/Adjustments	6,954			6,035
Other - Miscellaneous	1,401	-	-	884
Total Fiscal Services	67,463	67,813	350	68,812
TOTAL BUSINESS SERVICES	\$ 67,463	\$ 67,813	\$ 350	\$ 68,812

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

**GENERAL FUND – SUPPLEMENTAL SCHEDULE OF EXPENDITURES – ACTUAL
COMPARED TO BUDGET
(Continued)**

Fiscal Year Ended June 30, 2007
(With Comparative Totals for Fiscal Year Ended June 30, 2006)

	FISCAL YEAR ENDED JUNE 30, 2007			FISCAL YEAR ENDED 6/30/2006
	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	
<u>SUPPORTING SERVICES (Continued)</u>				
<u>OPERATION AND MAINTENANCE</u>				
Nonprofessional Salaries	\$ 153,466	\$ -	\$ -	\$ 173,682
Insurance	78,914			76,749
FICA/Retirement	38,846	-	-	41,429
Other Benefits	15,768			6,935
Purchased Services	201,170	-	-	249,753
Supplies and Materials	22,222			10,270
Capital Outlay	1,885	-	-	23,951
Other	279			-
TOTAL OPERATION AND MAINTENANCE	\$ 512,550	\$ 533,994	\$ 21,444	\$ 582,769
<u>PUPIL TRANSPORTATION</u>				
Nonprofessional Salaries	131,739	-	-	117,153
Insurance	24,586			23,635
FICA/Retirement	35,462	-	-	29,389
Other Benefits	13,637			8,204
Purchased Services	21,026	-	-	13,975
Supplies and Materials	43,472			34,917
Capital Outlay	-	-	-	1,392
Other	299			1,301
TOTAL PUPIL TRANSPORTATION	270,221	274,308	4,087	229,966
<u>STUDENT ACTIVITIES</u>				
Nonprofessional Salaries	20,277	-	-	17,468
FICA/Retirement	5,225			4,182
Other	5,199	-	-	4,873
TOTAL STUDENT ACTIVITIES	\$ 30,701	\$ 30,757	\$ 56	\$ 26,523

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

**GENERAL FUND – SUPPLEMENTAL SCHEDULE OF EXPENDITURES – ACTUAL
COMPARED TO BUDGET
(Continued)**

Fiscal Year Ended June 30, 2007
(With Comparative Totals for Fiscal Year Ended June 30, 2006)

	FISCAL YEAR ENDED JUNE 30, 2007			FISCAL YEAR ENDED 6/30/2006
SUPPORTING SERVICES (Continued)	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	
<u>OTHER SUPPORTING SERVICES</u>				
Nonprofessional Salaries	\$ 18,859	\$ -	\$ -	\$ 16,542
FICA/Retirement	4,790			3,969
Other Benefits	205	-	-	205
Other	-			108
TOTAL OTHER SUPPORTING SERVICES	23,854	24,708	854	20,824
TOTAL SUPPORTING SERVICES	\$ 1,356,088	\$ 1,392,672	\$ 36,584	\$1,376,397
 TOTAL EXPENDITURES	 \$ 4,663,559	 \$ 4,732,079	 \$ 68,520	 \$4,597,025
 <u>OTHER FINANCING USES</u>				
Fund Modifications				
Transfer To Debt Service Fund	70,314	-	-	51,889
Transfer To Athletic Fund	98,700			85,005
Transfer To Community Schools Fund	7,840	-	-	33,401
Transfer To Capital Projects Fund	-			20,000
TOTAL OTHER FINANCING USES	176,854	179,250	2,396	190,295
 TOTAL EXPENDITURES AND OTHER FINANCING USES	 \$ 4,840,413	 \$ 4,911,329	 \$ 70,916	 \$4,787,320

The notes to the financial statements are an integral part of this report

FOREST PARK SCHOOL DISTRICT

COMMUNITY SCHOOLS FUND - COMPARATIVE BALANCE SHEET*June 30, 2007 and 2006*

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash and Deposits	\$ 5,192	\$ 22,742
Due from Other Funds	-	33,401
Accounts Receivable	<u>6,328</u>	<u>7,492</u>
TOTAL ASSETS	<u>\$ 11,520</u>	<u>\$ 63,635</u>
<u>LIABILITIES AND FUND EQUITY</u>		
<u>LIABILITIES</u>		
Due to Other Funds	<u>11,520</u>	<u>63,635</u>
TOTAL LIABILITIES	11,520	63,635
<u>FUND EQUITY</u>		
Fund Balance - Unreserved	<u>-</u>	<u>-</u>
TOTAL FUND EQUITY	-	-
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 11,520</u>	<u>\$ 63,635</u>

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

COMMUNITY SCHOOLS FUND - STATEMENT OF REVENUES – ACTUAL COMPARED TO BUDGET

Fiscal Year Ended June 30, 2007

(With Comparative Totals for Fiscal Year Ended June 30, 2006)

	FISCAL YEAR ENDED JUNE 30, 2007			FISCAL YEAR ENDED 6/30/06
	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	
REVENUES				
Local Sources				
Tuition	\$ 11,470	\$ 14,366	\$ (2,896)	\$ 34,554
Interest	167	212	(45)	239
Day Care Program	43,753	42,165	1,588	41,456
Fundraising - Winter Games	5,532	5,532	-	5,474
Donations	-	-	-	12
Other	4	-	4	391
Total Local Sources	\$ 60,926	\$ 62,275	\$ (1,349)	\$ 82,126
State Sources				
Grant - Michigan School Readiness	26,400	26,400	-	19,800
TOTAL REVENUES	\$ 87,326	\$ 88,675	\$ (1,349)	\$101,926
OTHER FINANCING SOURCES				
Transfers In from Other Funds	7,840	9,332	(1,492)	33,401
TOTAL OTHER FINANCING SOURCES	7,840	9,332	(1,492)	33,401
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 95,166	\$ 98,007	\$ (2,841)	\$135,327

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

COMMUNITY SCHOOLS FUND - STATEMENT OF EXPENDITURES – ACTUAL COMPARED TO BUDGET

Fiscal Year Ended June 30, 2007
(With Comparative Totals for Fiscal Year Ended June 30, 2006)

	<u>FISCAL YEAR ENDED JUNE 30, 2007</u>			<u>FISCAL YEAR ENDED 6/30/06</u>
	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	
<u>INSTRUCTION</u>				
Basic Programs				
Pre-Kindergarten				
Professional Salaries	\$ 23,546	\$ -	\$ -	\$ 33,331
Nonprofessional Salaries	38			12,954
FICA/Retirement	5,919	-	-	11,576
Insurance	1,404			7,367
Supplies and Materials	1,824			2,849
Other	450	-	-	255
Total Pre-Kindergarten	33,181	34,156	975	68,332
Total Basic Programs	33,181	34,156	975	68,332
TOTAL INSTRUCTION	\$ 33,181	\$ 34,156	\$ 975	\$ 68,332
<u>SUPPORTING SERVICES</u>				
School Administration				
Professional Salaries	6,760	-	-	6,000
FICA/Retirement	1,674			1,407
Supplies and Materials	456	-	-	940
Other	-			80
Total School Administration	8,890	8,954	64	8,427
Day Care Program				
Nonprofessional Services	29,837	-	-	34,930
FICA/Retirement	7,458			8,231
Supplies and Materials	1,369	-	-	936
Other	263			275
Total Day Care Program	\$ 38,927	\$ 39,777	\$ 850	\$ 44,372

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

**COMMUNITY SCHOOLS FUND – STATEMENT OF EXPENDITURES – ACTUAL COMPARED
TO BUDGET
(Continued)**

Fiscal Year Ended June 30, 2007
(With Comparative Totals for Fiscal Year Ended June 30, 2006)

	<u>FISCAL YEAR ENDED JUNE 30, 2007</u>			<u>FISCAL YEAR ENDED 6/30/06</u>
	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	
<u>SUPPORTING SERVICE (Continued)</u>				
Tot Lot Program				
Professional Salaries	\$ 1,559	\$ -	\$ -	\$ 1,551
Nonprofessional Salaries	-			48
FICA/Retirement	392	-	-	379
	<u>1,951</u>	<u>2,010</u>	<u>59</u>	<u>1,978</u>
Total Tot Lot Program	1,951	2,010	59	1,978
TOTAL SUPPORTING SERVICES	49,768	50,741	973	54,777
<u>COMMUNITY SERVICES</u>				
Recreation				
Nonprofessional Salaries	3,479	-	-	6,380
FICA/Retirement	699			1,312
Supplies and Materials	999			217
Other	7,040	-	-	7,698
	<u>12,217</u>	<u>13,110</u>	<u>893</u>	<u>15,607</u>
Total Recreation	12,217	13,110	893	15,607
TOTAL COMMUNITY SERVICES	12,217	13,110	893	15,607
TOTAL EXPENDITURES	<u>\$ 95,166</u>	<u>\$ 98,007</u>	<u>\$ 2,841</u>	<u>\$ 138,716</u>

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

SPECIAL REVENUE FUND – FOOD SERVICE – COMPARATIVE BALANCE SHEET*June 30, 2007 and 2006*

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash and Deposits	\$ 23,711	\$ 15,983
Inventory	4,124	4,366
Accounts Receivable	<u>3,170</u>	<u>1,729</u>
TOTAL ASSETS	<u>\$ 31,005</u>	<u>\$ 22,078</u>
<u>FUND EQUITY</u>		
Fund Balance - Unreserved	<u>31,005</u>	<u>22,078</u>
TOTAL FUND EQUITY	<u>\$ 31,005</u>	<u>\$ 22,078</u>

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

**SPECIAL REVENUE FUND – FOOD SERVICE - STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE -ACTUAL COMPARED TO BUDGET**

Fiscal Year Ended June 30, 2007
(With Comparative Totals for Fiscal Year Ended June 30, 2006)

	FISCAL YEAR ENDED JUNE 30, 2007			FISCAL YEAR ENDED 6/30/06
	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	
<u>REVENUES</u>				
Local Sources				
Student Lunches	\$ 54,922	\$ -	\$ -	\$ 47,535
Adult Lunches	5,309			5,503
Milk	78	-	-	241
Ala Carte	39,996			39,399
Catering	1,718			1,265
Interest	141	-	-	116
Total Local Sources	102,164	100,075	2,089	94,059
State Sources				
School Lunch Program	7,519	8,070	(551)	7,313
Federal Sources				
Federal Aid	128,840	-	-	114,603
USDA Commodities/Bonus	15,732			16,602
Total Federal Sources	144,572	145,402	(830)	131,205
TOTAL REVENUES	\$254,255	\$253,547	\$ 708	\$232,577
<u>EXPENDITURES</u>				
Nonprofessional Salaries	69,577	-	-	66,216
Insurance	17,572			15,539
FICA/Retirement	18,083	-	-	16,295
Other Benefits	7,290			7,290
Purchased Services	4,530			-
Supplies and Materials	127,891	-	-	122,590
Other Costs	385			3,426
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	\$245,328	\$251,476	\$ 6,148	\$231,356
Excess of Revenues Over Expenditures	8,927	2,071	6,856	1,221
FUND BALANCE, JULY 1	22,078			20,857
FUND BALANCE, JUNE 30	\$ 31,005			\$ 22,078

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

**SPECIAL REVENUE FUND – INTERSCHOLASTIC ATHLETIC FUND - COMPARATIVE
BALANCE SHEET**

June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash and Deposits	\$ 5,683	\$ 3,528
Due from Other Funds	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 5,683</u>	<u>\$ 3,528</u>
<u>LIABILITIES AND FUND EQUITY</u>		
<u>LIABILITIES</u>		
Due To Other Funds	<u>-</u>	<u>3,528</u>
TOTAL LIABILITIES	\$ -	\$ 3,528
<u>FUND EQUITY</u>		
Fund Balance - Unreserved	<u>5,683</u>	<u>-</u>
TOTAL FUND EQUITY	5,683	-
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 5,683</u>	<u>\$ 3,528</u>

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

**SPECIAL REVENUE FUND – INTERSCHOLASTIC ATHLETIC FUND -STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ACTUAL COMPARED
TO BUDGET**

Fiscal Year Ended June 30, 2007
(With Comparative Totals for Fiscal Year Ended June 30, 2006)

	FISCAL YEAR ENDED JUNE 30, 2007			FISCAL YEAR ENDED 6/30/06
	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	
REVENUES				
Local Sources				
General Admissions and Other	\$ 44,071	\$ -	\$ -	\$ 59,081
Interest	72			80
Donations	957	-	-	627
Total Local Sources	45,100	50,813	(5,713)	59,788
Other Financing Sources				
Transfer from General Fund	98,700	98,700	-	85,005
TOTAL REVENUES AND OTHER FINANCING SOURCES	143,800	149,513	(5,713)	144,793
EXPENDITURES				
Professional Salaries	36,004	-	-	72,249
Nonprofessional Salaries	7,257			16,830
Insurance	9,861	-	-	9,449
FICA/Retirement	10,828			18,965
Purchased Services	56,415	-	-	-
Supplies and Materials	13,284			16,104
Other Costs	4,468	-	-	7,288
Capital Outlay	-			16,415
Tournaments	-	-	-	9,911
TOTAL EXPENDITURES	\$138,117	\$148,969	\$ 10,852	\$167,211
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	5,683	544	5,139	(22,418)
FUND BALANCE, JULY 1	-			22,418
FUND BALANCE, JUNE 30	\$ 5,683			\$ -

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

DEBT RETIREMENT FUND - COMPARATIVE BALANCE SHEET

June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash and Deposits	\$ 181,550	\$ 159,815
Delinquent Taxes Receivable	37,980	30,817
Due From Other Funds	<u>73</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 219,603</u>	<u>\$ 190,632</u>
<u>LIABILITIES AND FUND EQUITY</u>		
<u>LIABILITIES</u>		
Due To Other Funds	<u>-</u>	<u>10,114</u>
TOTAL LIABILITIES	-	10,114
<u>FUND EQUITY</u>		
Fund Balance, Reserved	<u>219,603</u>	<u>180,518</u>
TOTAL FUND EQUITY	219,603	180,518
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 219,603</u>	<u>\$ 190,632</u>

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

**DEBT RETIREMENT FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE**

Fiscal Year Ended June 30, 2007

(With Comparative Totals for Fiscal Year Ended June 30, 2006)

<u>REVENUES</u>	<u>2007</u>	<u>2006</u>
<u>Local Sources</u>		
Property Taxes	\$ 603,265	\$ 622,803
Other Taxes	11,181	27,591
Interest and Penalties on Taxes	876	74
Interest	6,665	3,662
Miscellaneous	-	2,489
Total Local Sources	\$ 621,987	\$ 656,619
<u>State Sources</u>		
Durant	-	3,658
Total State Sources	-	3,658
TOTAL REVENUES	\$ 621,987	\$ 660,277
<u>EXPENDITURES</u>		
Principal	439,235	373,497
Interest	213,671	261,288
Tax Refunds/Write Offs	310	-
TOTAL EXPENDITURES	\$ 653,216	\$ 634,785
Excess of Revenues Over (Under) Expenditures	(31,229)	25,492
<u>OTHER FINANCING SOURCES (USES)</u>		
Operating Transfers In - General Fund	70,314	51,889
TOTAL OTHER FINANCING SOURCES (USES)	70,314	51,889
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	39,085	77,381
FUND BALANCE, JULY 1 BEFORE ADJUSTMENT	180,518	5,502,631
Adjustment to Account for Defeasance of Debt	-	(5,399,494)
FUND BALANCE, JULY 1 AFTER ADJUSTMENT	180,518	103,137
FUND BALANCE, JUNE 30	<u>\$ 219,603</u>	<u>\$ 180,518</u>

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

CAPITAL PROJECTS FUND - COMPARATIVE BALANCE SHEET

June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash and Deposits	\$ 1,607	\$ 83,725
Due From Other Funds	<u>-</u>	<u>10,114</u>
TOTAL ASSETS	<u>\$ 1,607</u>	<u>\$ 93,839</u>
<u>LIABILITIES AND FUND EQUITY</u>		
<u>LIABILITIES</u>		
Accounts Payable	-	65,301
Due To Other Funds	<u>-</u>	<u>20,000</u>
TOTAL LIABILITIES	\$ -	\$ 85,301
<u>FUND EQUITY</u>		
Fund Balance, Unreserved	<u>1,607</u>	<u>8,538</u>
TOTAL FUND EQUITY	\$ 1,607	\$ 8,538
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 1,607</u>	<u>\$ 93,839</u>

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

**CAPITAL PROJECTS FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE**

Fiscal Year Ended June 30, 2007

(With Comparative Totals for Fiscal Year Ended June 30, 2006)

	<u>2007</u>	<u>2006</u>
<u>REVENUES</u>		
Interest	\$ 77	\$ 374
Timber Proceeds - School Forest	<u>2324</u>	<u>83,536</u>
TOTAL REVENUES	\$ 2,401	\$ 83,910
 <u>EXPENDITURES</u>		
Capital Outlay	<u>9,332</u>	<u>252,360</u>
TOTAL EXPENDITURES	\$ 9,332	\$ 252,360
 Excess of Revenues Over (Under) Expenditures	 (6,931)	 (168,450)
 <u>OTHER FINANCING SOURCES (USES)</u>		
Other Transfers In - General Fund	-	20,000
Loan Proceeds	<u>-</u>	<u>96,200</u>
TOTAL OTHER FINANCING SOURCES (USES)	-	116,200
 Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 (6,931)	 (52,250)
 FUND BALANCE, JULY 1	 <u>8,538</u>	 <u>60,788</u>
FUND BALANCE, JUNE 30	<u>\$ 1,607</u>	<u>\$ 8,538</u>

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

**TRUST AND AGENCY FUND - STATEMENT OF CHANGES IN ASSETS, LIABILITIES, AND
FUND BALANCE**

Fiscal Year Ended June 30, 2007

	BALANCE JUNE 30, <u>2006</u>	<u>INCREASES</u>	<u>DECREASES</u>	BALANCE JUNE 30, <u>2007</u>
<u>ASSETS</u>				
Cash and Deposits	\$ 89,151	\$ 240,576	\$ 216,454	\$ 113,273
Due From Other Funds	78	1,275	-	1,353
TOTAL ASSETS	<u>\$ 89,229</u>	<u>\$ 241,851</u>	<u>\$ 216,454</u>	<u>\$ 114,626</u>
<u>LIABILITIES AND FUND EQUITY</u>				
<u>LIABILITIES</u>				
Student Activities	40,858	116,571	123,641	33,788
Due to Other Funds	78	1,275	-	1,353
TOTAL LIABILITIES	40,936	117,846	123,641	35,141
<u>FUND EQUITY</u>				
Revolving Fund	17,033	100,420	88,478	28,975
Scholarship Accounts	25,523	23,560	2,850	46,233
Sedberry Trust	5,737	25	1,485	4,277
TOTAL FUND EQUITY	<u>48,293</u>	<u>124,005</u>	<u>92,813</u>	<u>79,485</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 89,229</u>	<u>\$ 241,851</u>	<u>\$ 216,454</u>	<u>\$ 114,626</u>

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

AGENCY FUNDS – STATEMENT OF RECEIPTS AND DISBURSEMENTS

Fiscal Year Ended June 30, 2007

	BALANCE JUNE 30, 2006	RECEIPTS	DISBURSEMENTS	BALANCE JUNE 30, 2007
<u>ASSETS</u>				
Cash and Deposits	\$ 40,858	\$ 116,569	\$ 123,639	\$ 33,788
<u>LIABILITIES</u>				
Class of 2006	199		199	-
Class of 2007	1,444	12,912	14,104	252
Class of 2008	912	6,034	5,841	1,105
Class of 2009	742	698	666	774
Class of 2010	-	2,245	1,496	749
BPA	-	3,009	2,934	75
Records Board	250	-	250	-
Girls Track	819	-	120	699
Pom Danz	865	4,353	3,865	1,353
Boys Basketball	1,367	6,102	6,798	671
Girls Basketball	1,066	3,201	3,523	744
Cheerleading	1,450	4,733	4,672	1,511
Volleyball	238	3,653	3,410	481
Miscellaneous / Interest	437	2,968	2,722	683
Band Class	3,078	960	2,010	2,028
Drama / Forensics	951	2,197	2,858	290
Yearbook	8,410	4,971	8,197	5,184
Junior High Student Council	2,461	19,209	20,322	1,348
Senior High Student Council	2,276	5,457	5,251	2,482
SADD	478	1,200	1,400	278
Graduation	395	2,880	2,217	1,058
Grad Gown Dry Clean	75	75	72	78
Skyline Conference	(54)	2,800	2,893	(147)
Academic Booster Club	1,695	7,206	5,429	3,472
Woods Resale	2,861	984	1,372	2,473
Advanced Physical Education	66	-	-	66
French Trip 2002	1,805	7,183	8,980	8
Environmental Science Recycling	17	-	-	17
Football	588	8,632	9,190	30
National Honor Society	420	71	143	348
Santilli Memorial	1,574	-	-	1,574
Landscape Project	243	81	-	324
Quiz Bowl	401	30	30	401
Business Class	604	250	215	639
Cross Country	208	-	-	208
College Trip	603	1,875	1,860	618
Doc Davison Memorial	1,180	-	-	1,180
Economics	263	-	-	263
Golf	221	-	-	221
Playground Equipment	-	600	600	-
Boys Track	250	-	-	250
TOTAL LIABILITIES	\$ 40,858	\$ 116,569	\$ 123,639	\$ 33,788

The notes to the financial statements are an integral part of this report.

FOREST PARK SCHOOL DISTRICT

PROPERTY TAX DATA

For the Year Ended June 30, 2007

<u>YEAR LEVIED</u>	<u>LEVY</u>	<u>COLLECTIONS AND ADJUSTMENTS</u>	<u>BALANCE JUNE 30, 2007</u>
GENERAL FUND			
2006-07	\$ 2,091,398	\$ 2,003,654	\$ 87,744
2005-06	2,016,023	2,015,063	960
2004-05	1,927,581	1,926,469	1,112
2003-04	1,799,935	1,799,233	702
2002-03	<u>1,718,286</u>	<u>1,717,238</u>	<u>1,048</u>
TOTAL GENERAL FUND	\$ 9,553,223	\$ 9,461,657	\$ 91,566
DEBT RETIREMENT FUND			
2006-07	\$ 603,265	\$ 572,178	\$ 31,087
2005-06	622,803	622,499	304
2004-05	628,788	628,552	236
2003-04	593,446	593,397	49
2002-03	<u>591,717</u>	<u>591,477</u>	<u>240</u>
TOTAL DEBT RETIREMENT	\$ 3,040,019	\$ 3,008,103	\$ 31,916
TOTAL ALL FUNDS	<u>\$ 12,593,242</u>	<u>\$ 12,469,760</u>	<u>\$ 123,482</u>

The notes to the financial statements are an integral part of this report.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS***

DS Rostagno, CPA, P.C.

***101 West Maple Street, Iron River, MI 49935
Tel (906) 265-1040 Fax (906) 265-1042***

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Education
Forest Park School District
801 Forest Parkway
Crystal Falls, Michigan 49920

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Forest Park School District**, Crystal Falls, Michigan, as of and for the year ended June 30, 2007, which collectively comprise the **Forest Park School District**, Crystal Falls, Michigan's basic financial statements and have issued our report thereon dated September 24, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the **Forest Park School District**, Crystal Falls, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the **Forest Park School District**, Crystal Falls, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the **Forest Park School District**, Crystal Falls, Michigan's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the **Forest Park School District**, Crystal Falls, Michigan's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such as there is more than a remote likelihood that a misstatement of the **Forest Park School District**, Crystal Falls, Michigan's financial statements that is more than inconsequential will not be prevented or detected by the **Forest Park School District**, Crystal Falls, Michigan's internal control. We consider the deficiencies described as (2005-6B) in the accompanying Schedule of Findings and Responses to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the **Forest Park School District**, Crystal Falls, Michigan's internal control.

Internal Control Over Financial Reporting (Continued)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

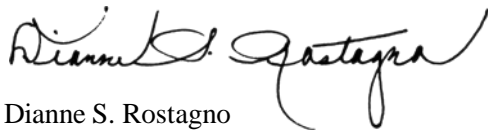
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the **Forest Park School District**, Crystal Falls, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the **Forest Park School District**, Crystal Falls, Michigan, in a separate letter September 24, 2007.

The **Forest Park School District**, Crystal Falls, Michigan's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. We did not audit the **Forest Park School District**, Crystal Falls, Michigan's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.



Dianne S. Rostagno
DS ROSTAGNO, CPA, P.C.

September 24, 2007

FOREST PARK SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2007

SIGNIFICANT DEFICIENCIES

2005-6B Student Activities

Finding: Advisors or the person in charge are not currently maintaining their own ledgers detailing the amounts of earnings, expenditures, and year-end balances in their accounts. They are being provided detailed print-outs by District personnel. Each group needs to maintain their own set of records.

Response: The District will continue its efforts to assure that every group activity comply with the requirement, without exception.

DS Rostagno, CPA, P.C.

***101 West Maple Street, Iron River, MI 49935
Tel (906) 265-1040 Fax (906) 265-1042***

BOARD OF EDUCATION
FOREST PARK SCHOOL DISTRICT
801 FOREST PARKWAY
CRYSTAL FALLS, MI 49920

In planning and performing the audit of the financial statements of the **Forest Park School District**, Crystal Falls, Michigan as of and for the year ended June 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the school's internal control structure to plan the auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure. Accordingly, we do not express an opinion on the effectiveness of the **Forest Park School District**, Crystal Falls, Michigan's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the **Forest Park School District**, Crystal Falls, Michigan's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the **Forest Park School District**, Crystal Falls, Michigan's financial statements that is more than inconsequential will not be prevented or detected by the **Forest Park School District**, Crystal Falls, Michigan's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the **Forest Park School District**, Crystal Falls, Michigan's internal control.

During our audit, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. They are divided into three categories: significant deficiencies, material weaknesses, and other matters.

MATERIAL WEAKNESS

There are no matters to report.

SIGNIFICANT DEFICIENCIES

New Comments

There are no matters to report.

Significant Deficiencies Communicated in Prior Years

STUDENT ACTIVITIES

2005-6A Findings

Monies from student groups were being brought to the principal's office for deposit, but receipts were not being prepared indicating the total deposit and the breakdown of the cash and check component of the amount to be deposited. In addition, the person bringing in the deposit often provided no supporting documentation to correlate to the funds being given to the District personnel for deposit.

Recommendation

It was recommended that a receipt be prepared by District personnel taking receipt of any and all monies accepted for deposit. This receipt must indicate the nature of the deposit and the breakdown of cash, checks, etc. The advisor or person in charge should also provide District personnel with the group's accounting of the money, including the amount of cash and checks submitted for deposit. The documentation should be signed by the remitter. This should be retained with the school's copy of the receipt, and is intended to provide protection for both the student group and the School District office personnel.

Resolution

This has been satisfactorily resolved.

STUDENT ACTIVITIES

2005-6B Findings

All records pertaining to the various student activities are reported and maintained in the central office. Student groups generally lack the knowledge of the amount of earnings, expenditures, and year-end balances in their accounts. Therefore, there is no method to confirm transactions or balances in any group activity. Detection of clerical errors, posting errors, or fraud is far more difficult without this confirmation.

Recommendation

It was recommended that each student group maintain its own set of accounting records, keeping a running total of all fund-raising revenues, expenses, and ending cash balances. At year-end, these records should be turned in to the office of the principal, where they are to be held for safe-keeping. These records should then be made available to provide an independent confirmation of activities and balances at the time of audit.

Signature of group advisors should be provided at year-end to confirm their agreement with these accounting records.

Every group activity should be required to comply with this requirement, without exception.

Resolution

Although compliance has improved slightly, this problem is not yet resolved. Every group activity is not currently complying with the past recommendations that each group needs to maintain its own detailed ledger. In addition, the groups that are complying are now being provided detailed print-outs by the District's personnel rather than compiling their own records.

Significant Deficiencies Communicated in Prior Years (Continued)

STUDENT ACTIVITIES (Continued)

Current Recommendation

The advisor or person in charge needs to be responsible for maintaining their own ledgers and if there is a discrepancy with the balances they then can go to the District's personnel to aid in reconciling. There needs to be continued efforts made for each group activity to maintain its own set of accounting records. Each group activity needs to comply with this requirement without exception.

OTHER MATTERS

New Comments

There are no matters to report.

Matters Communicated in Prior Years

BUDGETARY

2005-01 Findings

During the years ended June 30, 2005 and 2006, the District incurred several expenditures which were in excess of amounts appropriated.

Recommendation

It was recommended that closer monitoring be done in regards to budgetary appropriations and expenditures.

Resolution

This has been satisfactorily resolved.

SEGREGATING DUTIES: CASH RECEIPTS

2004-04 Findings

In conjunction with the prior audit, we noted that the duties involving cash receipts for the athletic department were not adequately segregated. Furthermore, there was a lack of accountability on the part of the ticket takers to reconcile the ticket sales to the cash and checks turned in to the central office for deposit. The same person was counting the cash, preparing the receipt, and depositing the funds.

Recommendation

It was recommended that the reconciliation of the cash receipts for the athletic department be handled by the person selling the tickets. The central office should then deposit the money and compare the deposit to the reconciliation prepared by the seller to ensure that all the receipts were deposited.

Resolution

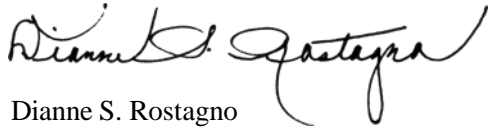
This has been satisfactorily resolved.

This letter does not affect our report dated September 24, 2007 on the financial statements of the **Forest Park School District**, Crystal Falls, Michigan. We will review the status of these comments during our next audit engagement. Our comments and recommendations, which have been discussed with appropriate school administration and staff, are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, or to assist you in implementing the recommendations.

It has been a pleasure working with the administration and staff, and we wish to express our appreciation for their cooperation and assistance during the audit engagement.

This communication is intended solely for the information and use of management, those charged with governance, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Yours very truly,

A handwritten signature in black ink, appearing to read "Dianne S. Rostagno". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Dianne S. Rostagno
DS ROSTAGNO, CPA, P.C.

September 24, 2007